Manitoba

March 31, 2004

OFFICE OF THE

AUDITOR GENERAL

Operations of the Office

Vision

As a leader in promoting enhanced accountability of government to the citizens of Manitoba, the Office of the Auditor General will contribute to greater public trust and confidence in the institutions of government.

Mission

To contribute to effective governance by the Manitoba Legislature, we provide the Members of the Legislative Assembly with independent assurance and advice on:

government accountability information;

compliance with legislative authorities; and

the operational performance of government.

Values

IN INTERPERSONAL RELATIONSHIPS

Respect ***Honesty***

Integrity ***Openness***

IN ACHIEVING OUR VISION AND MISSION

Teamwork

Independence

Balanced Perspectives

Professional Excellence

104-07416/

Office of the Auditor General
500 – 330 Portage Avenue
Winnipeg, Manitoba, Canada R3C 3L6

July 2004

The Honourable George Hickes
Speaker of the House
Room 244, Legislative Building
Winnipeg, Manitoba
R3C 0V8

Dear Sir:

I have the honour to transmit herewith our Annual Report on the Operations of the Office of the Auditor General for the year ended March 31, 2004 to be laid before Members of the Legislative Assembly in accordance with the provisions of Section 28 of The Auditor General Act.

Respectfully submitted,

Jon W. Singleton, CA•CISA
Auditor General

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This Report

This Report describes the functions and operations of the Office of the Auditor General and presents the audited financial statements for the Office for the year ended March 31, 2004. It is not a report on the results of the audits conducted, as this information is tabled in the Legislature separately.

Reflections of the Auditor General

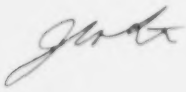
This report is definitely a tribute to all of the employees of my Office for their hard work and dedication focused on meeting the information needs of the Members of the Legislative Assembly (MLAs), and through them, the citizens of Manitoba by providing non-partisan advice, assurance, reporting of findings, and recommendations.

During 2003/04, my staff has taken on many new auditing/reporting challenges in order to fulfill the diverse responsibilities we have under The Auditor General Act. I continue to believe that we are an effective agent for positive change in the public sector. Whether promoting improvements in financial reporting to the citizens of Manitoba for the Public Accounts, municipalities, school boards, sponsor-managed housing organizations, and regional health authorities; recommending improvements in government operations; highlighting the importance of effective governance in the public sector; or encouraging the adoption of performance reporting, our work in these areas is becoming more integrated in order to coordinate and strengthen the basis for our recommendations.

Creativity enables us to perform diverse work with a limited staff complement. With the complexity of public sector issues increasing, I continue to focus on the importance of continuous learning by ensuring that my staff, through training and development opportunities, are positioned to address challenges that may arise.

I am proud of the work we have done during the past year, and I am encouraged by the receptiveness of the Province to the recommendations in our recent reports. I continue to encourage the Members of the Legislative Assembly, particularly the members of the Public Accounts Committee, to reflect on the recommendations the Office has made and to

consider how the Assembly can further use the work of the Office to achieve positive outcomes in the areas of improved financial reporting, strengthened accountability and transparency in the use of public monies, strengthened governance practices in the public sector, and improved public performance reporting.



Jon W. Singleton, CA•CISA

Public Accounts

Public Accounts

Significant Accomplishments for 2003/04

- Our "***Report on the Audit of the Public Accounts for the Year Ended March 31, 2003***" was issued in January 2004. The report provided comprehensive information on what is contained in the Public Accounts and the applicable legislation impacting the presentation of financial information to the Legislative Assembly and the citizens of Manitoba. This contributed to increasing public knowledge around the differences between the financial statements prepared for Balanced Budget Legislation and the financial statements called the Summary Financial Statements which reflect the result of provincial financial decision-making. The Summary Financial Statements are the statements prepared on a basis recommended by the Canadian Institute of Chartered Accountants. The Auditor General garnered support for the province moving to publicly emphasizing financial results based on the Summary Financial Statements from professional organizations within the Province of Manitoba.

- Our Office contributed to the Government's decisions to improve the Summary Financial Statement presentation and disclosure in a number of areas:

  - Recognition of the unfunded liability for employee future benefits of non-devolved health care facilities;

  - Revision to the Statement of Net Debt to reflect the deferred charge for non-devolved health care facilities as a component of net debt;

  - Disclosure regarding the existence of environmental liabilities;

- Presentation of the Summary Budget figures on a basis consistent with the presentation of the actual figures;
- Separate disclosure of both fixed and floating interest rates and repayment terms (installments due) on loans and advances;
- Separate disclosure of cash and cash equivalents, temporary and portfolio investments with parallel treatment on the Statement of Cash Flow;
- Separate disclosure of the basis of accounting, market values and investment income regarding cash and cash equivalents, temporary and portfolio investments;
- Separate disclosure of the gross amounts of accounts receivable and the valuation allowances for accounts receivable; and
- Modification to the Schedule of Tangible Capital Assets reflecting separate disclosure of additions and disposals of tangible capital assets.

Hecla Investigation

- The report "***Investigation of Hecla Island Land and Property Transactions***" was released in September 2003. Manitoba Conservation accepted all of the recommendations and committed to implementing them as quickly as practical. This led to changes in the application process for the leasing of cottage lots, and new legislation regarding the control and disposal of Crown Lands in the Province. Certain matters raised in the report were referred to the RCMP for further investigation.

Le Collège de Saint-Boniface Examination

- In August 2003, we issued a report titled "***An Examination of Le Collège de Saint-Boniface***". Recommendations from this work were accepted and when fully implemented will provide for improved public disclosure and transparency. A positive outcome of this examination was that the financial statements for the College were tabled in the Legislature in 2004 for the first time. The Office also prepared a separate technical report for the College on its information technology (IT) systems providing recommendations for future IT improvements.

Performance Reporting

- *"Follow-Up On Previously Issued Recommendations on Business Planning and Performance Measurement"* was released in December 2003 encouraging the Government to strengthen its commitment to the central principles underlying effective planning, measurement and public reporting.

Performance Reporting

- *"Attributes of Managing and Reporting Results: A Survey of Senior Management"* released in March 2004 identified a substantial gap between what respondents considered to be important attributes and what actual performance is in implementing these attributes.

RHA/Manitoba Health/ Provincial Accounting Principles Symmetry

- Our Office completed a report titled *"A Review of the Symmetry Between the Accounting Principles of the Regional Health Authorities, Manitoba Health and the Province of Manitoba"* which was published in the *"Audit of the Public Accounts for the Year Ended March 31, 2003"*. As a result of this review:
  - An agreement was reached with the Department of Finance on the recording of employee future benefits for both devolved and non-devolved health care facilities in the Special Purpose Financial Statements, the Summary Financial Statements, the Manitoba Health Services Insurance Plan Financial Statements, and on the related impact on the financial statements of both devolved and non-devolved health care facilities;
  - The Province will begin to record the liabilities for future employee benefits of approximately $173 million in the Special Purpose Financial Statements effective April 1, 2004;
  - A number of recommendations regarding the financial statements of Regional Health Authorities (RHA) were provided to the Department of Health, who in turn, requested certain disclosure and presentation changes be made prospectively on RHA financial statements. This in turn, increased the comparability between RHA financial statements.

- Released a consolidation of reports in March 2004, "***A Review of Crown Corporations Council and Compliance Audits***". Our work on the review of Crown Corporations Council identified a number of learnings for organization whose functions include monitoring, providing advice, and making recommendations. The other chapter included a grant accountability review in Family Services and Housing Child Protection and Support Services; A Review of the Student Records Section of the Professional Certification and Student Records Unit; Northern Manitoba Community Councils' Financial Reporting Standards; University of Winnipeg Financial Review; Hudson's Bay Company Archives Review; and an update on the status of Municipal Financial Accounting and Reporting Standards in Manitoba.

Crown Corporations Council & Compliance Audits

- Completed the fieldwork leading to the issuance of "***Investigation of Hydra House Ltd. and A Review of the Related Department of Family Services and Housing Financial Accountability Framework***". This work highlighted the importance of having service purchase agreements in place with external service providers and strong financial monitoring procedures for ensuring financial compliance.

Hydra House Investigation

- A number of recommendations from our May 2003 report titled ***"Dakota Tipi Gaming Commission and First Nation Gaming Accountability in Manitoba"*** were incorporated into Legislation passed in the Spring session of the Legislature.

First Nation Gaming Accountability

- Our December 2000 report to the Legislature on "***Performance Reporting in Annual Reports: Current Practices Among Crown Entities***" led to the following developments in 2003/04:

  - The Manitoba Chamber of Commerce advised it would promote the attributes of performance reporting presented in that report;

  - Manitoba Health sought the input of the Office in developing guidelines on performance reporting to be used by the Regional Health Authorities;

Performance Reporting

- The Manitoba Gaming Control Commission initiated a strategic planning review in 2003/04 as a result of our management letter to them regarding performance reporting; and

- Manitoba Public Insurance Corporation sought our input with respect to changes they can make to their annual report to bring it in line with effective performance reporting practices.

Gentax Review

- During 2003, our Office completed a report titled "***A Review of Gentax: An Integrated Tax Processing Software Application***". Overall, we concluded that the implementation of this software with respect to Health and Education Tax, Retail Sales Tax and Corporation Capital Tax, and the related data conversion, was successful. We were satisfied with the existence and effectiveness of internal controls. A further detailed report with recommendations was provided to the Division to assist with specific internal control improvements. This report was published in the "***Audit of the Public Accounts for the Year Ended March 31, 2003***".

Information Technology Reports

- Issued "***Information Technology Reports***" in March 2004, a consolidation of three reports: Red River College, Information Technology Organization in the Province, and Computer Security Incident Response Capability in the Province. The contents of the reports contributed to improvements in the areas reviewed.

CCOLA/CPAC Conference

- In September 2003, we successfully hosted, in partnership with the Clerks of the Public Accounts Committee, the 2003 CCOLA/CCPAC Conference with legislative auditors and Public Accounts Committee delegates from across Canada.

Policy Development Course

- The Office was requested to make a presentation at the popular Organization and Staff Development (OSD) course on policy development which our Office initiated and developed.

- During 2003/04, we converted our existing paper-based audit methodology for our financial statement audits onto the TeamMate electronic working paper software package. Work is nearing completion on the development of the software for use in all work performed by the Office.

Introduction of TeamMate

- In the Spring of 2004 we conducted an employee opinion survey to provide input into future internal communication and human resource initiatives.

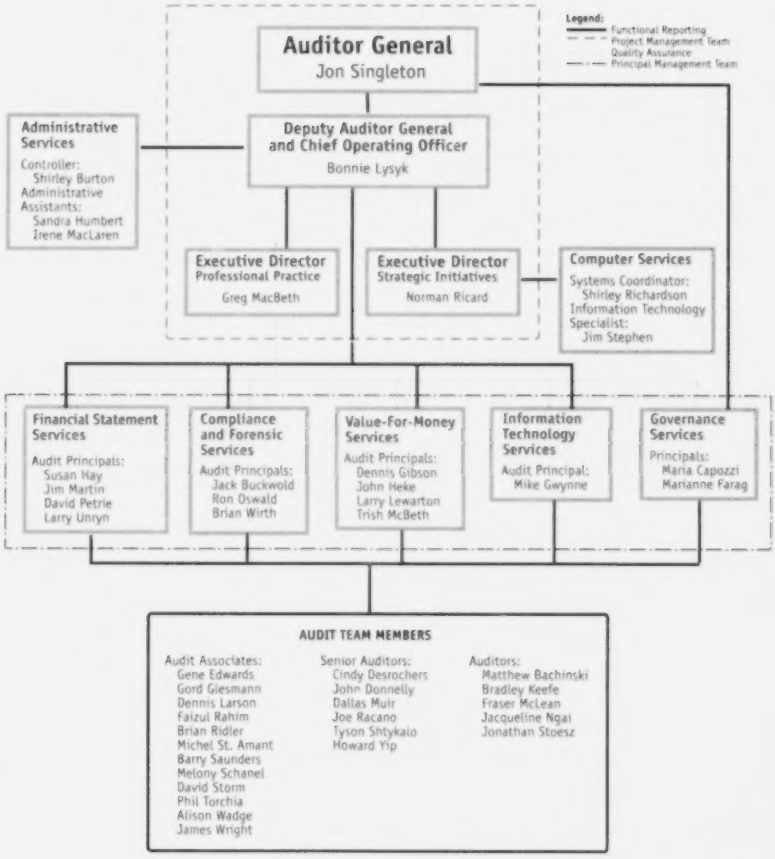
Employee Opinion Survey

- In December 2003 we conducted a citizen survey to gauge citizen awareness of the Office of the Auditor General.

Citizen Survey

Who We Are

Organization Chart



Our Team

Left to right from Top Row: Michel St. Amant, Mike Gwynne, David Storm, Brian Ridler, Jim Stephen, Dennis Larson, Joe Racano, Jon Stoesz, Dallas Muir, Ron Oswald
Second Row: Gord Glesmann, Phil Torchia, Melony Schanel, Shirley Richardson, Larry Unryn, Gene Edwards, Marianne Farag, Brian Wirth
Third Row: Alison Wadge, Sandra Humbert, Susan Hay, David Petrie, Faizul Rahim, Maria Capozzi, Jacqueline Ngai, Jack Buckwold, Tyson Shtykalo
Fourth Row: John Donnelly, Trish McBeth, Greg MacBeth, Jon Singleton, Bonnie Lysyk, Norman Ricard, Larry Lewarton, Dennis Gibson
(Not Shown: Matthew Bachinski, Shirley Burton, Cindy DesRochers, John Heke, Bradley Keefe, Irene MacLaren, Jim Martin, Fraser McLean, Barry Saunders, James Wright, Howard Yip)

Legal Status

Pursuant to The Auditor General Act, the Auditor General serves as an Officer of the Legislative Assembly. The Act gives the Auditor General the responsibility, authority, and independence to audit and publicly report on all government organizations as well as to conduct audits of recipients of public monies. By law, our reports are provided to Members of the Legislative Assembly of Manitoba.

Independence and Role

The Office of the Auditor General is an independent office of the Legislative Assembly. The Auditor General plays an important role on behalf of the citizens of Manitoba in the process by which the legislature holds the government of the day accountable for its actions.

In fulfilling that role, the Office has the responsibility, on behalf of the public, to bring to the attention of the legislature, and to officials of the Government, anything that we consider "should be brought to the Assembly's attention".

The Auditor General Act ensures that the Auditor General is independent from elected and appointed officers including the Assembly's Committees and boards. The Auditor General is appointed for a 10 year term.

The Office policies require all employees to confirm whether they have relationships with the Government that could be perceived to affect their independence and objectivity.

Finances and Resources

The Legislative Assembly Management Commission, an all-party Legislative Committee, reviews and approves our annual budget. The Office of the Auditor General's financial statements, relating to the year ending March 31, 2004, have been audited by a firm of Chartered Accountants and are presented in this report (see Financial Accountability Section).

Operating Principles

Independence

- We conduct our work in an objective and unbiased manner.

Balanced Perspective

- We put forth well considered and fair conclusions based on analysis of all opinions and where appropriate, reporting on strengths as well as weaknesses.

Teamwork

- We work together cooperatively and in a coordinated manner to achieve a common goal.

Accountability

- We are accountable for our individual contributions to the products and services provided by the Office.

Value-Added Work

- We provide the Legislative Assembly with value-added reports.

Professional Conduct

- We adhere to the Office values in carrying out our work.

Professional Excellence

- We maintain sound audit methodology and meet the professional standards and competency requirements of our Office.

Financial Stewardship

- We use taxpayers' money effectively and efficiently.

Reporting Principles

We prepare our Office plans and report on operations using sound reporting principles. We based the principles on the public reporting principles developed by the CCAF-FCVI Inc. and set out in its publication called *Reporting Principles - Taking Public Performance Reporting to a New Level.* CCAF is a public-private partnership that *"is a source of support, leading edge research and capacity for members of governing bodies, executive management, auditors, and assurance providers".*[1]

[1] CCAF Publication: *Reporting Principles - Taking Public Performance Reporting to a New Level*

The CCAF's publication is the result of a multi-year project on public performance reporting, which involved extensive research and consultation with government managers, auditors, and legislators throughout Canada. These principles are outlined below:

1. **Focus on the few critical aspects of performance**
   - focus selectively and meaningfully on a small number of things;
   - centre on core objectives and commitments.
2. **Look forward as well as back**
   - set out the goals and how activities contribute to the goals;
   - track achievements against expectations.

3. **Explain key risk considerations**

   - identify the key risks;
   - explain the influence of risk on choices and directions and relate achievements to levels of risk accepted.

4. **Explain key capacity considerations**

   - discuss capacity factors that affect the ability to meet expectations;
   - describe plans to align expectations and capacity.

5. **Explain other factors critical to performance**

   - explain general factors such as changes in the economic, social or demographic environment that affect results;
   - discuss specific factors such as standards of conduct, ethics, and values, or performance of other organizations that influence performance;
   - describe unintended impacts of activities.

6. **Integrate financial and non-financial information**

   - explain the link between activities and desired results;
   - show spending on key strategies and explain how changes in spending affect results.

7. **Provide comparative information**

   - provide comparative information about past performance and about the performance of similar organizations when relevant, reliable and consistent information is reasonably available.

8. **Present credible information fairly interpreted**

   - present information as credible as reasonably possible;
   - explain management's involvement, judgement, and basis for interpretation of performance;
   - information is consistent, fair relevant, reliable, and understandable.

9. Disclose the basis for reporting

- explain the basis for selecting the few critical aspects of performance on which to focus;
- describe changes in the way performance is measured or presented;
- set out the basis on which those responsible for the report hold confidence in the reliability of the information being reported.

Code of Professional Conduct

Employees of the Office of the Auditor General conduct themselves as professionals in their approach to their work and take pride in their accomplishments. We encourage a positive and professional attitude including a commitment to the Office's operating principles. As well, all employees must respect the confidentiality of information acquired in the performance of their work.

In addition, our employees belong to professional associations governed by by-laws and codes of conduct that they are required to comply with in carrying out their work in order to maintain good standing in those associations.

All employees are required to take an Oath of Allegiance and sign an Oath of Office and an annual conflict of interest declaration.

Services

The Auditor General is the auditor of the Public Accounts of the Government including the "Summary Financial Statements" and the "Special Purpose Operating Fund and Special Funds Financial Statements". The Summary Financial Statements reflect a consolidation of the Special Purpose Operating Fund and Special Funds Financial Statement with the financial statements of all organizations comprising the Government Reporting Entity as published in Volume 4 of the Public Accounts.

Under the authority of The Auditor General Act, government organizations that are subject to audit include government departments, Crown organizations, government enterprises and recipients of public monies. Pursuant to our legislated mandate, the type of audits and reviews we undertake are as follows:

Attest Audits - attesting to the adequacy, fairness and appropriateness of reports prepared by management (e.g. financial statements).

Audit of the Public Accounts - attesting to the adequacy, fairness and appropriateness of the Public Accounts and providing commentary on whether the Government is presenting fairly its overall financial situation in accordance with generally accepted accounting principles (GAAP).

Compliance with Authority Audits - assessing and commenting on the extent of compliance with government legislation, including regulations and other central government policies.

Investigations - examining financial or operational information relating to allegations of inappropriate situations or practices.

Value-for-Money Audits - assessing and commenting on the efficiency, economy and effectiveness with which government organizations use their resources to accomplish intended outcomes.

Governance Reviews - assessing and commenting on the board governance of various public sector and government funded entities.

Performance Reporting - assessing and commenting on business planning/strategic planning and performance measurement within government organizations, and the quality of accountability information submitted to the Legislative Assembly.

Special Audits - requested by the Lieutenant Governor in Council or the Minister of Finance, or by resolution of the Standing Committee on Public Accounts. The nature of this work will vary and includes the range of our audit services.

Joint Audits - conducting audits with a legislative auditor from another level of government in relation to any provincial funds that are spent under a joint initiative with another jurisdiction.

In addition to these specific services, we strive to:

- encourage discussion and debate regarding public sector management and accountability issues;
- assist the Public Accounts Committee;
- develop professionals for Public Service; and
- support, adhere and promote the accounting and assurance standards as recommended by the Canadian Institute of Chartered Accountants.

Through our work and reports we encourage public accountability and transparency. We also promote our firm belief that a special duty of care is owed to the citizens of Manitoba by those charged with managing public monies and those receiving public monies.

Clients

Our clients are the Members of the Legislative Assembly (MLAs), and through them, the citizens of Manitoba.

Those who additionally benefit from our services include Deputy Ministers, Departmental Managers, and representatives of Crown Corporations and government agencies.

Clients' Needs

Our clients expect:

- Non-partisan advice and assurance;
- Accurate and timely reporting of audit/review findings;
- Effective and broad-based communication of audit/review findings;
- Reports which provide practical and fair recommendations; and
- Audits and reviews that focus on significant public sector issues.

Key Risks

Risk Management is the process of making and carrying out decisions that will minimize the liabilities and effect of possible adverse events (risks) upon the goals and objectives of an entity.

Our Office utilizes sound risk management practices to ensure that we meet our objectives and achieve our goals. We have established control systems to reduce the likelihood that risks would adversely affect our ability to achieve our goals and objectives, while fulfilling our responsibilities under The Auditor General Act.

The following are our key risks and how we are poised to mitigate those risks:

Loss of Independence

- We consider a loss or a perceived loss of our independence to be a risk. We believe that we can address this risk by ensuring that we operate in accordance with our Act without fear of reprisal. The Act provides us with our examination parameters. As an Office we carefully guard our independence.

Loss of Credibility

- Stakeholders trust and value our assurance and advice. We are cognizant that we must gain and keep that trust and ensure that our work and

our reports are valued. We strive to do this by ensuring the quality and accuracy of our work and communications. Quality Assurance practices are established in our Office and we continue to seek ways to strengthen these practices.

Lack of Relevance of Work

- In order for our work to be beneficial to our clients, we must ensure that our reports are meaningful to them. We do this by ensuring our reports deal with topics of interest to legislators and citizens of Manitoba; are written using clear, understandable language; and provide sufficient background information to help the reader understand the significance of reported issues. As well, we maintain an awareness of the issues important to legislators and the citizens of Manitoba.

Lack of Resources and Competencies

- The quality of our assurance and advice is dependent on the knowledge, skills and ability of our employees. We offer training and professional development opportunities to ensure that they have the competencies to perform their responsibilities in an effective and efficient manner. When necessary, we supplement our in-house skills with external consultants that bring specialist knowledge required for certain assignments.

- We need the support of legislators to obtain the required resources. We annually present a financial plan to the Legislative Assembly Management Commission to request needed resources. If we do not have sufficient resources to pay for the cost of our work force, we would have to reduce the number of employees. In this event, we would be required to consider whether to advise the Legislative Assembly that we had insufficient resources to carry out our legislative mandate.

Reporting Process

To help ensure the factual accuracy of our observations and conclusions, staff from our Office maintain ongoing communication with senior management throughout an audit or review. Before beginning the work, our staff meet with them to discuss the objectives, criteria, and focus of our work in general terms. During the audit or review, our staff meet with management to review progress and ensure open lines of communication. At the conclusion of on-site work, management is briefed on the preliminary results of the work. A draft report is then prepared and discussed with them. Management provides written responses to our recommendations and these are discussed and incorporated into the final draft report.

Final reports of the Office are submitted to the Speaker for tabling with the Legislative Assembly. Each report is automatically referred to the Standing Committee on Public Accounts.

Achieving Our Vision, Mission and Legislative Mandate

This framework provides a synopsis of the link between our vision, mission, legislative mandate and our activities, and outputs, to our strategic desired outcome of improved public sector accountability, operating performance, governance and management practice.

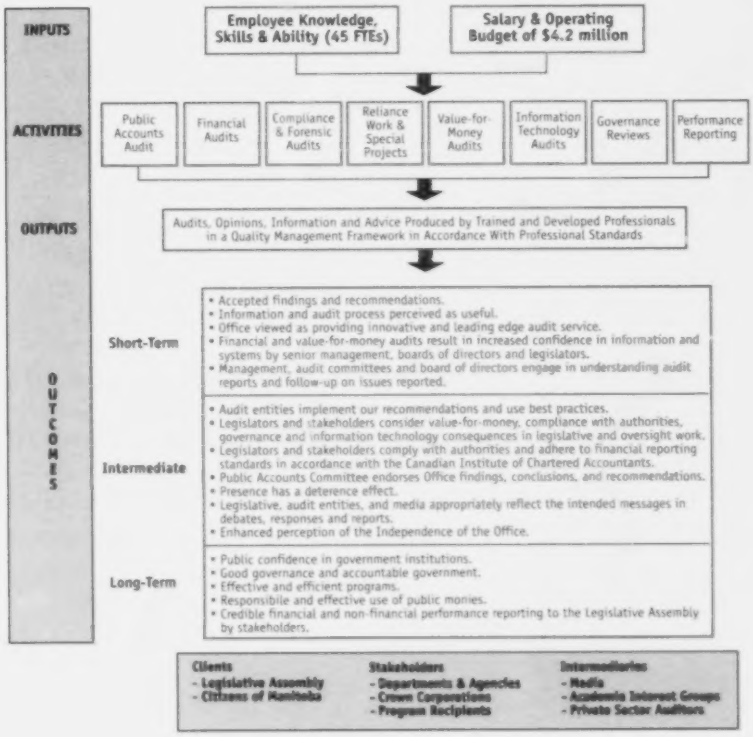
Vision

As a leader in promoting enhanced accountability of government to the citizens of Manitoba, the Office of the Auditor General will contribute to greater public trust and confidence in the institutions of government.

Mission

To contribute to effective governance by the Manitoba Legislature, we provide the Members of the Legislative Assembly with independent assurance and advice on:

- government accountability information;
- compliance with legislative authorities; and
- the operational performance of government.


INPUTS
Employee Knowledge, Skills & Ability (45 FTEs)
Salary & Operating Budget of $4.2 million
ACTIVITIES
Public Accounts Audit
Financial Audits
Compliance & Forensic Audits
Reliance Work & Special Projects
Value-for-Money Audits
Information Technology Audits
Governance Reviews
Performance Reporting
OUTPUTS
Audits, Opinions, Information and Advice Produced by Trained and Developed Professionals in a Quality Management Framework in Accordance With Professional Standards
OUTCOMES
Short-Term
• Accepted findings and recommendations.
• Information and audit process perceived as useful.
• Office viewed as providing innovative and leading edge audit service.
• Financial and value-for-money audits result in increased confidence in information and systems by senior management, boards of directors and legislators.
• Management, audit committees and board of directors engage in understanding audit reports and follow-up on issues reported.
Intermediate
• Audit entities implement our recommendations and use best practices.
• Legislators and stakeholders consider value-for-money, compliance with authorities, governance and information technology consequences in legislative and oversight work.
• Legislators and stakeholders comply with authorities and adhere to financial reporting standards in accordance with the Canadian Institute of Chartered Accountants.
• Public Accounts Committee endorses Office findings, conclusions, and recommendations.
• Presence has a deterence effect.
• Legislative, audit entities, and media appropriately reflect the intended messages in debates, responses and reports.
• Enhanced perception of the Independence of the Office.
Long-Term
• Public confidence in government institutions.
• Good governance and accountable government.
• Effective and efficient programs.
• Responsibile and effective use of public monies.
• Credible financial and non-financial performance reporting to the Legislative Assembly by stakeholders.
Clients
- Legislative Assembly
- Citizens of Manitoba
Stakeholders
- Departments & Agencies
- Crown Corporations
- Program Recipients
Intermediaries
- Media
- Academia Interest Groups
- Private Sector Auditors

The Auditor General Act

The Auditor General Act

Effective May 1, 2002 a new Act was proclaimed governing the activities of this Office called The Auditor General Act. The Auditor General Act replaced The Provincial Auditor's Act which was enacted in 1969.

The Auditor General Act modernized the legislation governing the work of legislative auditors. This legislation reflects current trends and practises in legislative auditing and clarifies certain provisions that needed to be expressed in clearer terms.

The Act was intended to achieve the following objectives:

- Strengthen accountability and independence of the Office of the Auditor General;
- Clarify the mandate of the Auditor General;
- Strengthen the Auditor General's access to information; and
- Ensure confidentiality of the Auditor General's work.

The full Auditor General Act is reproduced in Appendix E.

Highlights of Reports Issued and Projects Underway

Audit of the Public Accounts

December 2003

Our report ***Audit of the Public Accounts for the year ended March 31, 2003*** to the Legislative Assembly continued to emphasize the importance of the Government using the Summary Budget as the primary tool for communicating its financial plans to the Members of the Legislative Assembly and the citizens of Manitoba instead of the current emphasis on the Operating Fund budget.

The news release for our report focused on encouraging legislators to discuss the implications of the Province's deficit position in conjunction with a review of balanced budget legislation. That discussion has occurred and continues in a number of forums.

Similarly, we recommended in our report that the Government consider introducing legislative amendments to eliminate the requirement for separate Operating Fund Financial Statements and provide the same level of detail on the Summary Budget as is provided on the Operating Fund Budget.

We also reported on the Government's commitment to recognize the employee future benefits liabilities for health care facilities child and family services in the Operating Fund Financial Statements in the 2005 fiscal year and the immediate recognition of the liabilities in the Summary Financial Statements in the 2003 Summary Financial Statements.

The Government has continued to improve the financial statement disclosure in the Summary Financial Statements in a number of ways including the disclosure of the existence of environmental liabilities, separate disclosure of both fixed and floating interest rates on outstanding debt, expanded disclosure of interest rates and instalments due on loans and advances and separate disclosure of cash and cash equivalents, temporary and portfolio investments with parallel treatment on the Statement of Cash Flow among others.

We commended the Province for identifying critical standard SAP reports and communicating the importance of their use to departments.

Other new recommendations included:

- That the Government formally commit to a date for implementing the new Government Reporting Model as recommended by the Public Sector Accounting Board. We provided an example of what the Summary Financial Statements would look like according to the new model;
- That pension expense and any restatements affecting the determination of a positive balance for purposes of Balanced Budget Legislation be recorded in accordance with generally accepted accounting principles and that amendments to Balanced Budget Legislation be introduced to reference the Summary Financial Statements, not the Operating Fund Financial Statements as the financial statements used in the determination of a balanced budget; and
- That the Government set a firm target date for the completion of its information gathering and establish appropriate accounting policies for the recognition of the major infrastructure systems in the Summary Financial Statements.

Furthermore, in our Report we continued to reiterate the following recommendations to improve the financial reporting of the Public Accounts.

- That the Government adopt generally accepted accounting principles for the recording of tangible capital assets, changes in accounting policies and correction of errors in the Summary Financial Statements and Special Purpose Financial Statements;
- That the quarterly reports of the Province be prepared in accordance with generally accepted accounting principles(GAAP);
- That the Government consider amending The Financial Administration Act to require Canadian Public Sector Accounting Standards for Senior Governments as recommended by the Public Sector Accounting Board of the Canadian

Institute of Chartered Accountants (CICA), without exceptions (GAAP), be the basis of all government financial reporting including the Summary Financial Statements, the Summary Budget and the Quarterly Reports. Alternatively, we recommended that the Government formally commit to the full adoption of GAAP by a certain date;

- That Internal Audit and Consulting Services take a lead role on an annual basis to review and test controls in departments related to the government wide information system for Accounting, Logistics and Human Resource processes – SAP; and
- That the Government address a variety of outstanding issues related to the use of SAP version 4.6B.

Other significant sections in our Report include:

- Our review of the symmetry between the accounting principles of the Regional Health Authorities, Manitoba Health and the Province of Manitoba;
- An update on the results of our work under The Auditor General Act with private sector auditors engaged to audit entities within the Government Reporting Entity (of the Public Accounts);
- Performance reporting by Crown Entities;
- The auditor's report on financial statements prepared using a basis of accounting other than generally accepted accounting principles;
- A review of GenTax: An integrated tax processing software application implemented by the Department of Finance;
- An issue we noted with respect to compliance with authority and agreements; and
- Our summary of future CICA Handbook sections both in accounting and assurance which may effect the financial reporting and the audit of the Public Accounts.

Compliance and Forensic Audits

August 2003

Our Office issued a report entitled, ***An Examination of Le Collège de Saint-Boniface***. This examination was requested by the Deputy Minister of Advanced Education and Training to review allegations concerning the Collège. With the support of the Collège, the scope of our examination was expanded to also include a review of the financial, human resources, and information technology practices at the Collège.

The report contained 38 recommendations including the need for documented policies clarifying purchasing processes, travel and other expense claims, and conflict of interest guidelines. Strengthening management control practices in these areas should improve human resources management and enhance the overall management control environment at the Collège.

September 2003

Our Office issued the report, ***Investigation of Hecla Island Land and Property Transactions***. This report reviewed allegations regarding the conduct of the Department of Conservation, formerly the Department of Natural Resources, concerning its management of issues related to the resettlement of Hecla Island.

The allegations principally related to inequitable application of eligibility criteria for the awarding of cottage lots, and the conflict of interest of ex-landowners on Hecla Island [through a ministerial advisory committee, commonly referred to as the Hecla Advisory Committee (HAC)]. Additional allegations related to the process for the awarding of a lease to operate the marina at Gull Harbour on Hecla Island and to the perception of preferential treatment given to a family of a former Deputy Minister of Natural Resources regarding a land exchange on Hecla Island.

The report indicated that the Department abdicated its responsibility to ensure fairness, transparency and accountability with respect to the resettlement of Hecla Island. The abdication was demonstrated primarily by the failure to establish appropriate processes and controls over the resettlement program.

The Report also included a number of recommendations related to past transactions and to on-going operations.

June 2004

Subsequent to significant work conducted during the past year, the Office issued the report ***Investigation of Hydra House Ltd. and a Review of the Related Department of Family Services and Housing Financial Accountability Framework***. This report consisted of two parts:

Part I – Hydra Allegations

This part detailed our findings, conclusions and recommendations regarding allegations concerning the operations of Hydra House Ltd., a recipient of public monies. Hydra House Ltd. is a for-profit, privately owned corporation that is economically dependent on provincial funding.

Part II – Department Financial Accountability Framework

This part detailed our findings, conclusions and recommendations regarding our review of the Department of Family Services and Housing's related financial accountability framework and relationship with external service providers.

Projects Underway

- Follow-up review of actions taken by St. Boniface College to address recommendations made in the August 2003 Audit Report.
- Compliance and Forensic Services have completed the field work and plan to issue a report during the summer of 2004 regarding an investigation into allegations of inappropriate tendering and purchase practices within the Maintenance Branch of the Manitoba Housing Authority.

- Field work is completed and a draft report will be issued in 2004 regarding the administration of the Community Child Day Care Standard Act by the Child Day Care Branch in the Province.

Value-for-Money/ Project Audits

March 2004

The Office issued a consolidation of reports in the report entitled, ***A Review of Crown Corporations Council and Compliance Audits***. The content was as follows:

A Review of Crown Corporations Council

Discussed in Governance Services.

Family Services and Housing Child Protection and Support Services

The purpose of our work was to review the grant accountability relationships between four Child Care Treatment Centres (CCTCs) and the Child and Family Services Division (Division) of the Department of Family Services and Housing (Department). This report assessed the adequacy of the Division's processes for awarding and distributing grants to four CCTCs. The report also assessed the appropriateness of the Division's monitoring processes for ensuring that grants provided to CCTCs are being used for the intended purposes. CCTCs are responsible for delivering an array of residential and community based treatment services for children, adolescents and families in Manitoba.

The report concluded that by not adequately controlling the awarding and monitoring of grants and not having adequate processes in place to measure and report on the performance of CCTCs, the Department is exposing itself to higher risks than necessary, that public monies may not be spent prudently or effectively. The report provided 12 recommendations to the Department.

A Review of the Student Records Section of the Professional Certification and Student Records Unit

Our review focused on determining: whether school/school division data received by the Student Records Section (Section) of the Professional Certification and Student Records Unit (Unit) within Manitoba Education, Training and Youth (Department) is complete, accurate, timely and in a format conducive to effective and efficient processing by the Department; whether the design of the information database and data collection adequately supports the information needs of the Unit; and whether information accumulated and reported by the unit is complete, accurate, timely and meets the needs/requirements of users (students, graduates, schools, school divisions, administrators and staff of the Department, other educational organizations).

The report concluded that the student marks component of the Education Information System (EIS) is incomplete and compromised with respect to the reliance one can place on information reported by the Unit; the EIS Collection student module does not adequately support the information needs of the Unit; and the needs of users of the data are not being met because the data being reported is not always complete or reliable. The report provided 3 recommendations to the Department.

Northern Manitoba Community Councils' Financial Reporting Standards

Our objective was to assess the financial reporting standards required by the Department of Aboriginal and Northern Affairs (Department) for Northern Manitoba Community Councils. The Department was responsible for specific municipal services funding in fifty Northern Communities.

The report concluded that the financial accountability of Community Councils was weakened because the Department did not require them to abide by public sector accounting standards as recommended by the Public Sector Accounting Board (PSAB) nor did it require them to prepare annual statements; that the Community Councils' financial reporting failed to meet the Department's financial

reporting standards that were not based on generally accepted accounting principles; and that limited action was taken to deal with the organizations that received qualified or denied opinions. The report provided 4 recommendations to the Department.

University of Winnipeg Financial Review

The objective of this review was to provide independent insight into the contributing components to the University's accumulated deficit, and to formulate a report that would provide a common understanding of the contributors to the deficit between University of Winnipeg administration, its Audit Committee, its Board of Regents, and the Council on Post Secondary Education (COPSE).

The report contained a number of conclusions which revolved around the fact that the University of Winnipeg incurred deficits by not achieving its Board approved budgets. The report provided 12 recommendations to the University of Winnipeg; 2 recommendations applicable to both the University of Winnipeg and COPSE; and 1 recommendation for COPSE.

Hudson's Bay Company Archives Review

The objective of this review was to determine if the Archives of Manitoba, with respect to Archives operations, was in compliance with the conditions of the 1993 donation agreement between Hudson's Bay Company and the Province of Manitoba.

The review concluded that the Archives of Manitoba, with respect to Archives operations, was operating in compliance with the conditions of the 1993 donation agreement.

Update on the Municipal Financial Accounting and Reporting Standards in Manitoba

The Office issued a report in October 2002 ***Review of Municipal Financial Accounting and Reporting Standards in Manitoba***. The report recommended that Manitoba adopt generally accepted accounting principles (GAAP) for local governments as recommended by the Canadian Institute of Chartered Accountants (CICA). In their response to us, the Department of Intergovernmental Affairs

indicated that they would take action on the recommendation. Our follow-up in 2004 was conducted to assess whether action had been taken.

Our follow-up concluded that minimal action has been taken. As at February 2004, municipality statements in Manitoba are not being prepared in accordance with GAAP.

Reports to Be Issued in 2004

Fieldwork was completed on the following subjects. Reports will be issued during 2004.

Ensuring Safety and Quality of Private Well Water in Manitoba

Our audit focused on Provincial practices with regard to private water wells that supply drinking water for human consumption. The fieldwork for this audit was substantially conducted from September 2002 to June 2003.

Homecare

The objectives of our audit were: to determine whether an appropriate accountability framework is in place at Manitoba Health to ensure performance of the Regional Health Authorities meets expectations regarding the Home Care Program; and to determine whether the Home Care Program within the Winnipeg Regional Health Authority has an appropriate process in place for assessing and reassessing homecare clients. The majority of the fieldwork was conducted between September 2003 and June 2004.

Management of Travel

Our overall objective was to assess whether employee travel within the provincial government is managed with due regard for economy and efficiency. The audit examined the adequacy and usefulness of travel information; the sufficiency of travel policy and guidelines; the potential for volume discounts with high volume travel suppliers; and the use of communication technology. The fieldwork portion of the audit was substantially conducted from July 2003 to March 2004.

- The Property Registry
- Organization and Staff Development
- Mail Management Agency

The objectives of our work were:

- to determine how well Special Operating Agencies (SOAs) are measuring and reporting on their performance;
- to assess whether they are achieving the performance results expected of them; and
- if performance results are significantly less than expected, to determine whether the SOAs have taken reasonable, corrective measures.

These objectives were applied to a review of the above three agencies. A report on each of these SOAs is planned.

Projects Underway - Value-for-Money/Project Audits Initiated During 2003/04

During 2003/04, the Office changed the way in which audits were selected, scoped and conducted to incorporate an annual audit identification and selection process, and modified the development process for formal project outlines, and formal audit plans. Once projects have been assigned, audit outlines and planning memorandum are prepared by the Project Team Leader for approval at the Project Management Team, consisting of the Auditor General, the Deputy Auditor General, the Executive Director, Strategic Initiatives, and the Executive Director, Professional Practices. During the year, the following projects were initiated and are at various stages in the audit process, with projected completion dates from the summer of 2004 to the spring of 2005:

- **Contaminated Land Sites**
  - The objective is to assess whether the Province has an adequate program for managing its contaminated sites and whether it is adequately accounting for its performance.

- **Child and Family Services**

  - Our objectives are to determine whether an adequate accountability framework was in place to ensure service providers were performing as expected by the Province; to determine whether the funding model was based on relevant and valid inputs to ensure funding levels were consistent with the quantity and quality of services expected; to compare and contrast Manitoba's accountability framework and approach to determining funding levels for agencies within the framework and approaches used by other Canadian jurisdictions; and to determine whether agency operations were appropriately controlled to ensure funds are expended for the purposes intended.

- **Public Sector Pension Plan Comparison**

  - Our objective is to assess whether similar actuarial factors and values were used by Manitoba's crown corporations in determining their pension fund liabilities and whether these factors were reasonable.

- **Provincial Nominee Program** (Immigration)

  - Our objectives are to determine whether the assessment practices used by the Provincial Nominee Program are fair, equitable, and free of bias in order to help ensure that the "best" qualified applicants are nominated for immigration to Manitoba; and to determine whether the Provincial Nominee Program is appropriately managing and reporting results.

- **The Municipal Board**

  - Our objectives are to assess the Municipal Board's performance in delivering its legislated mandate; and to determine the extent of compliance by municipalities with the borrowing by-laws sections of The Municipal Act.

- **Council on Post-Secondary Education** (COPSE)

  - Our objectives are to determine the extent to which COPSE is in compliance with its Act; to

determine whether COPSE has an appropriate due diligence process in place for allocating available funds in accordance with post-secondary education priorities; and to determine whether an appropriate accountability framework is in place to enable COPSE to meet its mandate.

- **Government Services Management of Properties**

  - Our overall objective is to assess whether property management of government owned and leased buildings (excluding housing stock) by the Province is being administered in an economic and efficient manner.

- **Grant Accountability in Culture and Heritage**

  - The overall objective is to assess the appropriateness of the administrative policies and procedures governing the grants to four major agencies, and whether grant monitoring processes were adequate to ensure that agencies used the grant funds for the purposes intended.

- **Pharmacare**

  - Legislative Auditors in Canada, through the Canadian Council of Legislative Auditors (CCOLA) have agreed to the importance of concurrent audits on topics of strategic importance. This would enable the utilization of common audit criteria and audit approaches in conducting their work. During 2003/04, most legislative offices, including Manitoba have agreed to undertake an audit of the Pharmacare program in their jurisdiction.

- **Sport Manitoba Inc.**

  - The overall objectives are to assess Sport Manitoba Inc.'s compliance with their provincial agreement; and to review the grant accountability relationship between Sport Manitoba Inc. and provincial sporting organizations.

Governance Reports

December 2003

The Office released a report entitled, ***Follow-Up On Previously Issued Recommendations On Business Planning and Performance Measurement***. The "Follow-Up" concluded that after 36 months since our recommendations were made, provincial progress in developing and implementing a planning, performance measurement and reporting process has been very slow and without the benefit of a systematic and cohesive approach. The "Follow-Up" report continues to encourage Government to strengthen its commitment to the central principles underlying effective planning, measurement and public reporting.

March 2004

The Office released a report entitled, ***A Review of Crown Corporations Council***. This report examines Crown Corporations Council's performance in: delivering its legislated mandate; relationship building; and utilizing best practices in strategic planning and management. Crown Corporations Council was established in 1989 in response to the need to strengthen the accountability mechanisms for the Province's crown corporations. Currently, there are seven crown corporations under Council's purview including Manitoba Hydro, Manitoba Lotteries Corporation and the Manitoba Public Insurance Corporation.

Essentially the review found that there are opportunities for Council to enhance its practices. The report highlights the fact that three factors made it difficult to assess Council's performance: first, the ambiguity of the legislative framework governing Council; second, Council's expected outcomes are not sufficiently robust; and third, a general absence of data at Council to demonstrate its outcomes. Based on the research undertaken for this review, the report identifies a number of learnings for organizations whose functions include

activities similar to those performed by Council, which include monitoring, providing advice, and making recommendations.

March 2004

Our Office released a report entitled, ***Attributes of Managing and Reporting Results: A Survey of Senior Management***. Managing and reporting results is an approach to organizational management which aligns all available inputs or resources to have them work together in a synchronized fashion for the purpose of realizing particular goals and objectives. A survey was mailed to all Government Deputy Ministers, Assistant Deputy Ministers and Directors/Executive Directors asking them to rate the level of importance of each of 49 attributes of managing for results, as well as rating their department's performance in relation to each attribute.

The report presents a model of managing and reporting results and explains the attributes of the model. It also presents the survey findings.

Based on survey responses there is a substantial gap between what respondents consider to be important attributes and actual performance in implementing these attributes.

Projects Underway

- Enhancing Board Governance in the Voluntary Sector.
- Voluntary Sector Practices in Performance Reporting.
- Pension Plan Governance in Manitoba.
- Audit Committees in the Manitoba Public Sector.

Information Technology Audits

August 2003

In conjunction with ***An Examination of the Collège de Saint-Boniface*** conducted by the Compliance and Forensic Services Group, IT Audit Services reviewed computer security at the College and provided recommendations on improvements that could be made to computer security controls.

March 2004

The Office issued three information technology (IT) reports and noted that the e reports highlight the challenges those responsible for information technology decision making in the public sector face in order to optimize and govern the use of IT within allocated funding.

Red River College of Applied Arts, Science and Technology IT Audit

This audit examined the College's Investment in IT. We concluded that overall, the College had done a good job of managing IT resources. However, our audit identified a number of areas for improvement including:

- developing performance indicators for IT;
- regularly gauging user satisfaction with IT systems and services;
- strengthening IT purchases and tendering practices; and
- taking further actions to protect computer networks.

The report contained 19 recommendations and the Auditor General was encouraged that, at the time the report was issued, the College had already addressed a number of the recommendations.

Information Technology Organization

Based on identified best practices, this audit stressed the importance of the Province ensuring

that the IT organizational structure be aligned with government objectives and strategic plans, and noted that a strong IT governance structure was important to ensure that employees of the province function effectively.

The report contained five recommendations that involved:

- establishing an IT planning/steering committee
- adopting an IT governance framework;
- clarifying the roles and responsibilities of IT management leaders;
- developing an IT performance measurement system; and
- establishing an IT quality assurance function.

Computer Security Incident Response Capability

This audit reviewed the Province's capability of properly responding to computer security incidents in Departments. While the audit concluded that the Province was capable of properly responding to computer security incidents, the report contained 7 recommendations to further strengthen the Province's IT security including the need for:

- more timely application of security updates;
- development of a technology infrastructure plan that addresses security concerns regarding older computers and software no longer supported by the developer;
- informing and educating users about computer security;
- development of a plan to ensure that computer system security logging and monitoring activities are performed appropriately;
- determining if certain security activities should be conducted not only during regular business hours, but during off hours;
- the Province's Risk Management Policy to include specific requirements for risk assessments to be conducted, as well as disaster recovery/business continuity plans be developed; and

- clearly granting appropriate authority to handle security incidents.

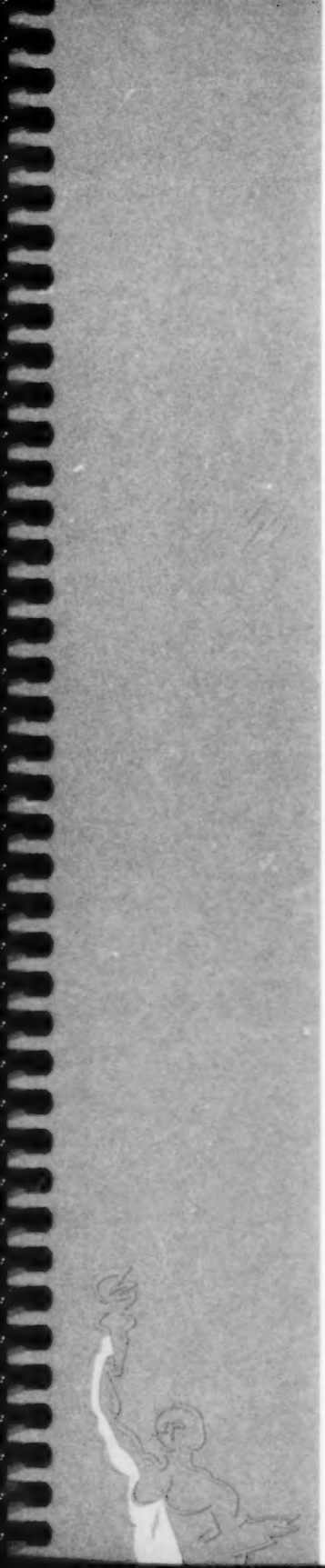
Other

IT Services provided support to other Service Groups in the Office including conducting computer control reviews in conjunction with attest audits and extracting audit information from SAP.

Projects Underway

- Fieldwork has been completed and a report will be issued in 2004 on the Management of Software Licensing in Provincial Departments.
- Audit of Technological Infrastructure for Public Accounts.
- Review of Provincial Expense Transactions using Computer Based Analysis Techniques.
- Piloting of a revised Office Methodology for assessing Computer Controls as part of the audit of financial statements.
- Participating in financial statement audits with regards to the documentation of computer processing environments and the assessment of computer-based controls.

Service Groups



Financial Statement Audit Services

Financial Statement Services strives to provide effective, efficient, and economical attest services to our clients. These services include:

- Providing opinions on annual financial statements, special reports, and public sector compensation disclosures;
- Issuing client management letters to provide financial, internal control, compliance, or general operational recommendations;
- Conducting overview of government entities, which may also encompass file reviews of their private sector auditors. This work is necessary for our reliance on the work of the private sector firms for consolidation of their clients' financial statements into the Summary Financial Statements for the Province;
- Completing special reports on financial information, including claims; and
- Reviewing compliance with legislation to the extent required for the issuance of financial statement opinions.

Financial Statement Services conducts project audits that are selected to complement the financial expertise of employees and focus on grant accountability and financial statement issues regarding financial statements of provincially funded entities.

Our Accomplishments – 2003/04

- Provided in excess of 100 attest audit opinions, and conducted partnered audits and overviews on a timely basis. (see Appendix A for Financial Statement Audits Within the Government Reporting Entity Conducted by the Auditor General's Office, and Appendix B for Other Financial Statement Audits Conducted by the Auditor General's Office)
- Issued audit opinions on the Public Accounts of Manitoba in accordance with the statutory

GOALS

Assess whether accountability information provided by the Government to the Legislative Assembly and the public is fair and reliable.

Promote adoption of Canadian Institute of Chartered Accountants (CICA) and Public Sector Accounting Board (PSAB) standards across all audit entities.

Promote improved Audit Committee practises in the public sector.

Promote public performance reporting in annual reports by the public sector.

Identify/monitor emerging issues of public sector significance.

Strengthen the role and functions of the Public Accounts Committee in relation to this office.

PRIORITIES FOR 2004/05

Provide attest audit services for public sector entities.

Conduct scheduled revenue and overview audits as planned.

Complete scheduled special project work.

Provide responsive service for special request assignments.

Conduct a review of the management of derivatives in the Province of Manitoba.

Expand the use of information technology in the performance of attest assignments.

Issue requests for proposal for selected attest audit partnering arrangements.

deadline and issued the Audit of the Public Accounts Report to the Members of the Legislative Assembly in December 2003, with wide public release in January 2004.

- Provided an attest opinion on the Labour Market Development Agreement between the Government of Canada and the Government of Manitoba for the year ended March 31, 2003.
- Issued a report on ***A Review of the Symmetry Between the Accounting Principles of the Regional Health Authorities, Manitoba Health and the Province of Manitoba***, which contributed to positive changes in the accounting for Employee Future Benefits of Health Care workers and in improving the consistency in financial reporting and disclosure in Regional Health Authority annual audited financial statements.
- Participated in many Audit Committee and Board meetings of Public Sector entities. This involved increasing our communications to enhance their understanding of our Office, our specific audit plans, and to report on our independence.
- Completed a survey of Audit Committees in Manitoba's government reporting entity. The information will be consolidated and reported on by Governance Services in a report to be released during 2004/05.
- Finalized a report with the Department of Education, Citizenship and Youth on a review of School Division Financial Accounting and Reporting in the Province of Manitoba for release in the fall of 2004.
- Successfully implemented TeamMate Software as the electronic working paper software for use in financial statement audits and the accumulation client knowledge information.
- Continued, in conjunction with the implementation of TeamMate, to update our financial statement methodology to incorporate most recent accounting and auditing standards based on the CICA's Professional Engagement Manual.

- Provided comments on a number of accounting and auditing research papers issued by the Public Sector Accounting Board (PSAB) and the International Federation of Accountants.
- Responded to increasing requests for assistance on financial issues from government departments, crown corporations, and agencies.
- Participated in Canadian Council of Legislative Auditors (CCOLA) strategic issue information exchanges.
- Held discussions with the Manitoba Institute of Chartered Accountants on the impact on audit opinions of the use of accounting principles that are not in accordance with generally accepted accounting principles in municipalities, school division, and sponsored-housing audited financial statements.
- Issued management letter to many of our attest audit clients, providing financial, internal control, compliance, governance, and general operational recommendations.
- Continued to work in partnership with several of the private audit firms as our agents in providing financial statement attest services.
- Continued to offer comments and provide input into audit plans, draft financial statements, and management letters of public sector entities, where we place reliance on the work of their external auditors.
- Delivered a presentation on "New Assurance Standards on Fraud" at the Financial Statement Symposium organized by the Canadian Council of Legislative Auditors.

Information Technology Audit Services

GOAL

Provide assessments and advice, regarding the management of information technology, to the Legislative Assembly.

PRIORITIES FOR 2004/05

Complete projects underway.

Conduct information technology audits identified in Office operations plan for 2004/05.

Information Technology Audit Services conducts audits in areas including the following:

- Controls over information technology;
- The economy and efficiency with which information technology resources are managed; and
- The effectiveness of information technology initiatives within government.

In addition, assistance is provided to other Service Groups in the Office. This assistance consists of gathering audit evidence electronically and assessing automated controls to support audit opinions of financial and other information.

Our Accomplishments - 2003/04

- Conducting an audit of the management of software licenses.
- Participated in the assessment of SAP controls for the audit of the Public Accounts.
- Began participating in the assessment of computer-based controls for other financial statement audits.
- Assisted in obtaining computer-based data for various audits conducted by other Service Groups in the Office.
- Hosted the teleconferences and annual meeting of the IT Committee of the Canadian Council of Legislative Auditors.

Compliance and Forensic Audit Services

Compliance with authority audits involve assessing and commenting on the extent of compliance with government legislation, including regulations and other central government policies.

Forensic Services involves the detailed review and assessment of financial and other information in order to determine whether inappropriate transactions or activities have taken place.

The work of Compliance and Forensic Audit Services has continued to expand since this group was established in our Office in late 1999, a result of increasing demand for both compliance and forensic services.

Although additional resources were allocated to Compliance and Forensic Audit Services in 2002/03 from within our Office, further resources for the Office overall are needed in order to ensure issues being brought to our attention can be addressed in a timely and effective manner.

GOAL

Assess directly, and provide advice to the Legislative Assembly on significant compliance and forensic matters in a timely, effective and economical manner.

Our Accomplishments – 2003/04

- Publicly released reports to the legislature on the following projects:
  - An Examination of Le Collège de Saint-Boniface;
  - Investigation of Hecla Island Land and Property Transactions; and
  - Investigation of Hydra House Ltd. and A Review of the Related Department of Family Services and Housing Financial Accountability Framework.
- Our report on ***Dakota Tipi First Nation Gaming Commission and First Nation Gaming Accountability in Manitoba*** that was released in May 2003 put forward recommendations that

were incorporated into new gaming legislation which was passed in 2004.

- Completed the fieldwork on two other projects where reports are planned to be issued in 2004.
- Attended several meetings with citizens or MLAs on issues of concern, and conducted preliminary assessments of issues received.
- Successfully partnered with external experts in specialized subject areas in conducting our investigations and audits.
- Continued expanding our knowledge and understanding through the attendance at courses at the University of Manitoba, RCMP headquarters, and office coordinated training. Continued support of an employee studying for their Investigative Forensic Accountant (IFA) designation.
- Actively initiated the development of *"A Fraud and Misconduct Investigative Manual for Legislative Offices"*.
- A member of the Office of the Auditor General of Canada assisted our Office in the Examination of the Collège de Saint-Boniface.
- A member of our Office assisted the Office of the Auditor General of Canada on their audit of the Privacy Commissioner.
- Delivered a presentation on "Fraudulent Financial Reporting" to the Winnipeg Chapter of the Financial Executive Institute.

PRIORITIES FOR 2004/05

Provide responsive service for special request assignments.

Conduct scheduled compliance audits as planned.

Increase resources for the performance of Compliance with Authority audits.

Expanding the use of information technology in the performance of compliance and forensic assignments.

Complete the development of a Compliance Audit Manual.

Began the utilization of TeamMate for Documentation of Request Assessments and File Work.

Develop an in-house training course on Fraud Awareness that can be shared with other legislative offices.

Value-For-Money/ Project Audit Services

Value-for-Money or performance auditing examines management practices, controls and reporting systems with a focus on results. In an effort to ensure that the work of Value-For-Money/Project Audit Services is viewed as value-added by the Legislative Assembly and the general public, we strive to:

- Select organizations or programs to examine which manage considerable public resources or which have a significant impact on their stakeholders and the public in general; and
- Design our audits in such a way that we focus on the key result areas of the organization or program, and further, within these key result areas, on those aspects at greatest risk of not being managed with due regard for efficiency, effectiveness and economy.

We believe that to be value-added, our services must be responsive to the concerns of members of the Legislative Assembly, as well as government organizations and program administrators. Focusing on risk and key result areas, and engaging these parties in the audit process, will help ensure our findings and recommendations contribute to improving government operations in critical areas.

We will analyze the information and assess whether the results achieved indicate weaknesses in the supporting processes, systems and resource base. In examining these processes/systems we would look for:

- Inefficiencies (i.e., duplication of effort, failure to appropriately use Information Technology)
- Lack of due regard for economy;
- Whether key activities are in place and functioning as intended;
- Adequacy of controls to safeguard assets from theft or misuse; and

GOAL

Assess directly and provide advice to the Legislative Assembly on Government performance in a timely, effective and economical manner.

PRIORITIES FOR 2004/05

Conduct scheduled audits as planned.

Complete projects underway.

Conduct our audits within a more compressed timeframe.

Begin using TeamMate for documenting value-for-money/project audit work.

Maintain and update the Value-For-Money/Project Audit methodology on a regular basis.

Revisit and update the audit project operations plan for potential audits to be conducted during the next two years.

- Adequacy of controls to ensure compliance with related Acts or regulations.

Because our work is increasingly focused on organizational performance, several factors can have an impact on what we accomplish. These factors include the extent to which:

- Clearly stated and measurable performance expectations have been established by government organizations.
- Appropriately detailed performance information has been gathered and analyzed by government organizations.
- Processes and performance have been benchmarked with comparable programs in comparable jurisdictions; and
- Access to information and client staff resources is provided in a complete, timely, and cooperative manner.

Our Accomplishments - 2003/04

- Issued a consolidation of reports in the report entitled, ***A Review of Crown Corporations Council and Compliance Audits***.
- Completed the fieldwork on the following audits with reports to be issued later this year:
  - Ensuring Safety and Quality of Private Well Water in Manitoba;
  - Homecare;
  - Management of Travel; and
  - Measuring and Reporting on Performance in Special Operating Agencies: The Property Registry, Organization and Staff Development, and Mail Management Agency.
- Activated the Project Management Team which involves audit objective development, assigning projects, approving audit outlines, and approving audit planning memos. During the year the following audits commenced for reporting next year in 2005:
  - Contaminated Land Sites;
  - Child & Family Services;

- Public Sector Pension Plan Comparison;
- Provincial Nominee Program (Immigration);
- The Municipal Board;
- Council on Post-Secondary Education;
- Government Services Management of Properties;
- Grant Accountability in Culture & Heritage;
- Pharmacare; and
- Sport Manitoba Inc.

- Engaged a representative from the Ontario Provincial Audit Office to conduct a quality assurance review on a value-for-money audit engagement. The results were positive, with the conclusion that "*Based on the results of the Canadian Conference of Legislative Auditors' value-for-money post-audit issuance review guide, in my opinion, the value-for-money audit was carried out in accordance with the applicable generally accepted auditing standards of the Canadian Institute of Chartered Accountants*". Recommendations were provided and actioned to assist in improving the efficiency of audits.
- Auditors at the Senior Audit and Audit Associate levels attained training for Value-for-Money Auditing conducted by representatives of the Ontario Provincial Audit Office.
- During the 2003/04, TeamMate was being configured by the Office for use in the conduct of value-for-money/project audits. It is anticipated that the use of standardized audit software should assist in improving the efficiency of conducting these types of audits. Training and use in the application is planned for 2004/05.

Professional Practices

Role of Quality Assurance

As a legislative audit office, we are responsible for a comprehensive, legislated audit mandate. We provide independent assurance and advice to legislators on government accountability information, compliance with legislative authorities, governance and the operational performance of government and its agencies. Having responsibility also means acting reliably and with consistency. This is critical for our Office. As Legislative Auditors, we must exercise significant professional judgement in carrying out our work and reporting our findings and conclusions and providing audit opinions. For this reason, we have a quality assurance system in place in our Office. We want to ensure the quality and consistency of our judgements, compliance with professional standards and the internal policies established by our Office, and the achievement of high quality work.

GOALS

To ensure compliance with professional standards and the internal policies established by our Office, and the achievement of overall high quality work.

To ensure that the audit methodology utilized by the Office reflects current Canadian and international standards.

The Executive Director, Professional Practice, is responsible for the quality assurance system. Our professional staff are first and foremost responsible for maintaining the quality of the work in the office. The quality assurance system enhances the quality of audits and encompasses all service areas, reflecting the comprehensive mandate of our Office. The system includes:

- **Review Process** – In this process, files and reports are subjected to internal reviews to ensure that the work performed complies with professional standards and office policies.
- **Report Pre-Issuance Procedures and Deputy/ Auditor General Concurrence** – These procedures help provide assurance that the planning and conduct of the audit is adequate, significant issues are handled appropriately, the project report is appropriate or the financial statements are fairly presented and the audit opinion is appropriate.

- **Report Post-Issuance** – All assurance engagements are subject to a review after the project report or financial statement audit opinion is released. This is a detailed review to ensure the Office's policies and procedures and professional standards are met.

External Relations

Canadian and International professionals are placing increased emphasis on quality assurance in an audit office. The International Auditing and Assurance Standards Board released new quality control standards on February 2004. The Canadian Institute of Chartered Accountants has approved new quality control standards for firms performing assurance engagements and quality control standards for assurance engagements based on the new international standards. The standards will have an effective date of December 1, 2005.

The Executive Director Professional Practice is a member of the Quality Assurance Committee of the Canadian Council of Legislative Auditors (CCOLA). CCOLA recognizes the importance of having a quality assurance approach for legislative auditors, and the need for peer reviews that provide offices with assurance that their systems with respect to audit engagements are well designed and effective. The goal is to ensure compliance with professional standards and the internal policies established by each legislative audit office. The Committee facilitates review of legislative offices by other legislative audit offices. During the year, the Ontario Provincial Auditor's Office reviewed one of our value-for-money audit files. Next year, we plan to participate by reviewing financial statement audit files in the Provincial Auditor's Office of Saskatchewan.

The Executive Director Professional Practice is also participating in a working group consisting of legislative audit office representatives from British Columbia, Alberta, Saskatchewan and Manitoba to review Western Canada methodologies with the long-term objective of having consistent audit methodologies in all Western provinces.

PRIORITIES FOR 2004/05

Ensure that work continues to be executed in accordance with professional standards and the internal policies established by our Office.

Ensure that TeamMate is effectively utilized and supports the performance of effective, efficient, and economical work conducted in accordance with professional standards and the internal policies established by our Office.

Conduct a CCOLA Quality Assurance Peer Review on Financial Statement Files of the Saskatchewan Provincial Audit Office.

Work in cooperation and collaboration with representatives from Western Canadian legislative offices toward the long-term objective of having consistent audit methodologies.

Develop a compliance opinion and an internal control opinion, and plan for an appropriate implementation for Manitoba public sector entities.

Practice Inspection

The Institute of Chartered Accountants of Manitoba (ICAM) routinely conducts practice inspections of audit firms involved in the practice of public accounting as defined in the General Provisions of the ICAM By-laws. As a professional legislative audit office, we voluntarily participate in this process. The objective of an inspection is to ensure compliance with Canadian Institute of Chartered Accountants standards. In May 2002, the ICAM conducted a practice inspection of our Office which resulted in no significant findings. The next practice inspection will take place in approximately four years from that date.

Audit Methodology

During 2003/04, we converted our existing paper based audit methodology for our financial statement audits onto the TeamMate electronic working paper software package. Our experience with TeamMate has been very positive. TeamMate supports the performance of effective, efficient and economical work conducted in accordance with professional standards and the internal policies established by our Office. In 2004/05, we will implement Teammate for our other service areas subsequent to providing employee training on the software. As well, we will begin planning for the use of TeamMate by our Agent auditors within the next two years.

Governance Services

Governance Services provides assessments and advice on issues related to:

- board governance within the public sector;
- practices within Government reporting entities in strategic planning, performance measurement and performance reporting; and
- managing for results.

Enhancing the effectiveness of corporate practices in these areas contributes to improved organizational effectiveness and stronger accountability processes of public sector organizations. In this way, the work of Governance Services directly supports the Office's vision of being a leader in building greater public trust and confidence in the accountability of Government to the citizens of Manitoba.

Our Accomplishments - 2003/04

- Completed a review of the board governance practices of Le Collège de Saint-Boniface, contained within a report released to the Legislature entitled, ***An Examination of Le Collège de Saint-Boniface*** (September 2003).
- Completed a report released to the Legislature entitled, ***Follow-Up on Previously Issued Recommendations on Business Planning and Performance Reporting*** (December 2003).
- Completed a review of Crown Corporations Council. Findings and recommendations were released in a report to the Legislative Assembly entitled, ***A Review of Crown Corporations Council*** (March 2004).
- Completed a report released to the Legislature entitled, ***Attributes of Managing and Reporting Results: A Survey of Senior Management*** (March 2004).

GOALS

Promote improved board governance practices in the public sector.

Promote meaningful public performance reporting by the public sector.

Support the use of strategic/business planning in the public sector.

- Completed a board governance review of the Royal Winnipeg Ballet. Findings of this review provide the basis for a future report on board governance in not-for-profit organizations, expected to be released in Fall 2004.
- Commenced review of governance issues in Department of Child & Family Services, in conjunction with the audit conducted by Value-for-Money/Project Audit Services.
- Developed an audit program for reviews of board governance, which will be pilot-tested in an upcoming board governance review of public sector pension plans.
- Delivered presentations at an Organization and Staff Development course on policy development.
- Delivered a presentation on performance measurement to University of Manitoba graduate students in the Faculty of Political Science.
- Prepared a number of speeches on governance and public accountability for delivery by the Auditor General at various conferences.

PRIORITIES FOR 2004/05

Conduct a follow-up on the Government's progress in implementing recommendations in our December 2001 report on *"Policy Development Capacity Within Government Departments"*.

Undertake a review of the state of strategic planning within selected government reporting entities.

Report on the survey of Audit Committees in Manitoba's public sector.

Report on enhancing board governance practices in the not-for-profit sector.

Conduct a governance review of public sector pension plan boards.

Testing and refinement of audit program for board governance reviews.

Act as an internal resource on governance issues as they arise in other audits.

Administrative Services

Administrative Services are the support services for the Office. The staff ensure that the accounting and office administration are conducted in an efficient and effective manner. In addition, staff spends time on human resource activities, meetings and planning activities.

Our Accomplishments - 2003/04

- Coordinated the preparation of the Office budget and presentation material for the Legislative Assembly Management Commission;
- Prepared monthly financial statements and operations reports;
- Prepared the financial statements and coordinated the financial statement audit of the Office;
- Coordinated the preparation of the annual Operations Report;
- Co-hosted with the Legislative Assembly Public Accounts Committee, the Canadian Council of Legislative Auditors (CCOLA) national conference in conjunction with the conference of the Canadian Council of Public Accounts Committee (CCPAC);
- Updated the Office Disaster Recovery/Business Continuation Plan;
- Developed a Sustainable Development Policy for the office;
- Updated the Office Sustainable Development Action Plan;
- Continued to update the Office Administration manual;
- Coordinated office billing and time systems;
- Continued to expand and develop our internal design and printing capabilities;

GOAL

Ensure that the accounting and office administration is conducted in an effective, efficient, and economical manner.

- Coordinated external and Office-wide meetings and staff travel;
- Participated on the Sustainable Development Committee;
- Coordinated the human resource recruitment, orientation and appraisal process;
- Coordinated office access and security systems; and
- Provided day-to-day office support.

PRIORITIES FOR 2004/05

Finalize the Disaster Recovery/Business Continuity Plan.

Finalize and maintain the Office Administration Manual.

Finalize and maintain the Employee Orientation Manual.

Update the Sustainable Development Action Plan.

Develop a budget presentation for the Legislative Assembly for the 2005 budget submissions.

Establish a long-service employee recognition program.

Expand on the internal performance reporting process.

Computer Services

Computer Services continues to:

- provide support to our office hardware, software, intranet and network services;
- provide reliable, secure systems; and
- support the other service areas in the Office with the development of Computer Assisted Audit Techniques (CAATs), retrieval of information from government systems, and general information technology support.

Our Accomplishments - 2003/04

- Successful implementation of the main component of the electronic working paper software called TeamMate.
- Implement Blackberry Wireless Messaging Services to improve remote email access.

TeamMate Implementation

- In October 2003 we completed the development of a TeamMate application for our financial statement audit services. In October and November all audit team members attended a 3 day in-house workshop to assist them in making the transition to the TeamMate audit environment.
- In April 2004 we completed the development of a TeamMate application for our other services (performance, compliance, information technology and investigative auditing, as well as our governance and performance reporting reviews). Our goals in developing this TeamMate application were to:
  - enhance the effectiveness and efficiency of our audit planning, issue management and reporting processes,
  - ensure greater consistency in file structure within and between our product lines,
  - enhance our quality assurance processes, and

GOAL

Provide for reliable, effective and secure information systems that enable our audit services to achieve their goals.

PRIORITIES FOR 2004/05

Implement software components "Team Central", "Team Schedule" and "Team Risk" which are part of the electronic working paper software "TeamMate".

Reorganize network services to enhance disaster recovery plan, incident response, and network security.

Continue with the development of an internal management information system that integrates with the Office Intranet.

In conjunction with Professional Practises, plan for the use of TeamMate by Agent auditors.

- facilitate greater knowledge sharing.

- In the spring of 2004 a 2 day workshop was developed to orient team members to our revamped audit processes and the Teammate application. These workshops will be available to team members throughout the summer and fall.

General Operations

Human Resources

The future for our Office is exciting, but demands that we maintain strong competencies and skill sets. The complexity of issues in the public sector is increasing, which in turn brings complexity to the issues we must address. As an Office, we need to provide continuous professional development, and to offer competitive salaries and excellent working conditions in order to attract and retain skilled and dedicated employees.

Our Office continues to receive an increasing number of requests from citizens, administration, and members of the Legislative Assembly to provide assistance in reviewing issues they are bringing to our attention. We are experiencing difficulties in reviewing and addressing these important issues on a timely basis, given our limited staffing resources. As well, with the proclamation of The Auditor General Act in May 2002, our work has expanded in relation to our financial statement involvement with private sector auditors. The staffing level in the Office has remained relatively constant over a number of years.

Monies approved for our Office by the Legislative Assembly Management Committee (LAMC) are not sufficient to enable us to maintain a staffing level equivalent to our approved complement of 53 permanent positions. During 2004/05, we once again plan to request funding from the LAMC for 53 permanent positions.

Some of our HR activities/events during the past year were as follows:

- Effective April 1, 2003, the Office reorganization took effect with the establishment of an Executive Director, Strategic Initiatives position and an Executive Director, Professional Practices position, both reporting to the Deputy Auditor General and Chief Operating Officer. This reorganization recognized the importance of strategic planning, implementation of electronic working paper software, the importance of a core competency framework initiative, and the

GOALS

To foster a strong team environment.

To promote the highest standard of professional capability among staff.

To increase the effectiveness of internal communication.

To be responsive to staff.

expanded role of quality assurance in our Office.

- The Project Management Team met many times throughout the year to ensure the start-up and focus of audit projects being conducted by the Office.
- The Office continued with the assignment of Audit Principals to sectors as areas of responsibility for the conduct of all types of audits. This alignment is consistent with the organization of other legislative offices in Canada and should achieve benefits in ensuring that Audit Principals achieve stronger sector knowledge.
- The audit universe and operations audit plan for 2003/04 was confirmed with audits being initiated in accordance with the plan. Employees were given the opportunity to work on a variety of audit types and subject matters that would supplement their areas of auditing expertise.
- During 2003/04, work continued on the development of a Core Competency Model to be used in the hiring and development of employees for our Office.
- A number of Audit Principal and general staff meetings were held during the year to discuss new initiatives and audit reports.
- In June 2003, the Office Intranet was introduced.
- The Office participated in the University of Manitoba recruitment initiative through the Manitoba Institute of Chartered Accountants and hired one new CA summer student. During 2003/04, three articling summer students worked with our Office.
- During the year, one staff member obtained his Certified Information Systems Auditor (CISA) designation. As well, two employees successfully completed both their education and articling requirements, leading to their attainment of the CA designation.

PRIORITIES FOR 2004/05

Provide diverse project work experience for auditors.

Promote multi-disciplinary audit teams.

Continue to train staff in the use of electronic working paper software.

Complete development and implementation of a core competency model.

Promote and foster open and clear internal communication.

Continue to provide training and professional development opportunities for staff.

- In the summer of 2003, one Audit Principal assisted the Office of the Auditor General of Canada with the audit of the Privacy Commissioner.
- Staff received Team Mate Training in the fall of 2003.
- During the year, six employees received value for money auditing training conducted by the Ontario Provincial Audit Office.
- During the year, one employee was promoted to Acting Audit Principal; three employees were promoted to the Audit Associate level; two employees were reclassified to the Audit Associate level; two employees left our Office for positions outside of the province; one employee left our Office for a position at the University of Manitoba; one employee left for a position at Elections Manitoba; three former summer students commenced work as full-time articling Auditors; two new employees joined our Office, and one former employee rejoined our Office.
- An active social committee in the Office planned a number of events that were attended by staff members and their families.

PROFESSIONAL DEVELOPMENT COMMITTEE

The Office continued to provide a quality learning and development environment for all employees. Generally Accepted Auditing Standards require that staff conducting audits have adequate technical training and proficiency in auditing. Our professional staff have a responsibility to keep abreast of current developments in the profession and in the legislative environment. The Professional Development Committee (Committee) provided one source of training to assist staff to maintain and enhance their technical standards and proficiency in auditing.

The Committee ensured that training and development opportunities were consistent with areas of strategic importance to the Office and that

sufficient training was provided to meet professional educational requirements.

This year, the Committee planned and coordinated five programs, courses and lectures. These covered a wide range of topics including CICA Handbook and PSAB updates, training for the new TeamMate electronic working paper software package and interviewing techniques. Computer training was made available to staff on an "as needed" basis and staff were encouraged to take advantage of self-directed learning opportunities, with the Office covering a portion of the cost.

The Committee also provided "Sunrise Speaker" series of presentations by speakers from outside of the Office on areas of interest to staff.

For the upcoming year, the Committee will continue with its mandate, and plans to offer a broad range of professional development opportunities. By investing in the professional knowledge of staff, the Office is helping to ensure the continuation of high quality audit services.

OTHER TRAINING AND PROFESSIONAL DEVELOPMENT OPPORTUNITIES

In addition to training provided by the Professional Development Committee, staff attended external training and development courses, seminars and conferences.

The Office coordinated the participation of Senior Auditors and audit Associates in value-for-money audit training provided by the Ontario Provincial Auditor's Office.

Our Office is approved by the Institute of Chartered Accountants of Manitoba as a training office and supports articling students in their pursuit of the CA designation. This year one student wrote and passed the CA Uniform Final Exam and earned the CA designation.

Based on expressed interest and approval by the Office, we support individual staff members in the pursuit of specialist audit training applicable to the legislative audit environment. These specialities include:

- Information Technologist Audit Specialist;
- Certified Fraud Examiner;
- Investigative and Forensic Accounting; and
- Certified Internal Auditor.

External Communications

The Office's communication activities are an essential contributor to the overall achievement of the Office's mission and desired outcomes. Our communication goals have two primary purposes:

- To heighten awareness of the findings and recommendations made in our audit reports, in order to improve their impact and contribution to public sector effectiveness and accountability; and
- To heighten awareness of the role, responsibilities and activities of the Office.

GOAL

To increase the effectiveness with which we communicate the nature and results of our work.

The Office website - **www.oag.mb.ca** – provides the public with easy access to our reports, as well as to information about our services and a link to the CCOLA website providing access to all other legislative auditors in Canada. All Reports to the Legislative Assembly and press releases are made available on our website on the day of issuance.

In the past year, thirty presentations and numerous interviews have been given by the Auditor General on a wide variety of topics including: Balanced Budget Legislation, Public Leadership and Accountability, Board Audit Committees, Policy Development, School Board Governance, Role of the Legislative Auditor, as well as on specific Reports. Presentations have also been made by the Deputy Auditor General and Chief Operating Officer and several Audit Principals on specific Report findings and accounting related topics.

Organizations which invited presentations from the Office in the past year included:

- The University of Manitoba Leadership Forum;
- The Manitoba Chamber of Commerce;
- The Financial Executives Institute;

- The Government Exchange Conference, IPQC (Ottawa);
- The Canadian School Boards Association National Congress;
- The Leadership Academy for Trustees (Canmore, Alberta);
- The International Personnel Management Association National Conference;
- The Manitoba Municipal Administrators Association;
- The Manitoba Association of School Trustees;
- Frontier Centre for Public Policy;
- The Institute of Internal Auditors;
- Organization & Staff Development;
- Board presentations to the College of Registered Nurses of Manitoba, Addictions Foundation of Manitoba, and a number of Regional Health Authorities; and
- Student presentations to University of Manitoba, University of Winnipeg, and the Management Internship Program.

During the year, we had meetings with external private sector auditors on various issues. In one situation we coordinated a meeting of external auditors of the Regional Health Authorities to obtain their input on certain accounting issue treatment.

As an officer of the Legislative Assembly, it is imperative that the Auditor General be free to act in the best interests of the Legislative Assembly, and by extension, the public. It is also important that the Office of the Auditor General be open and transparent about its activities.

The practice of the Auditor General with respect to the media about an investigation was, and remains, as follows:

- When all appropriate parties have been notified that an investigation is to take place, the Auditor General will confirm that fact to the media if asked. This communication will include general information about the objectives of the investigation.
- During an investigation and when asked, the Auditor General will provide comment, when he deems it appropriate, on matters already on the public record and on the progress of the investigation.

PRIORITIES FOR 2004/05

Conduct presentations to clients and stakeholders on the nature of our work and our findings and recommendations in our reports.

Continue issuance of press releases on audit reports.

Continue to engage the Institute of Chartered Accountants of Manitoba and private sector auditors in discussions on accounting and reporting issues in the public sector.

- Information that would be detrimental to the investigation will not be made public.
- The findings, conclusions and recommendations arising out of the investigation will not be made public until the Members of the Legislative Assembly have been provided with the report on the investigation.

The above practice has served the Office of the Auditor General well and balances the right of the public to know about the activities of the Office with the Office's need to conduct an effective investigation. In numerous cases, members of the public have come forward with valuable information which has assisted an investigation because they became aware of the investigation through the media.

External Liaison

THE CANADIAN COUNCIL OF LEGISLATIVE AUDITORS (CCOLA) STUDY GROUPS

1. Planning and Coordinating Committee

Planning and Coordinating Committee (P&C) is the executive committee of the Canadian Council of Legislative Auditors (CCOLA). For 2003/04 the committee was chaired by the Auditor General of Manitoba. P&C were responsible for preparation of the CCOLA Business Plan and submitting it for approval to CCOLA. CCOLA priorities for the upcoming year included: enhancing the health performance indicator reporting; encouraging the conduct of concurrent or collaborative audits; aligned audit methodology; and compliance with the Canadian Public Accountability Board's quality assurance criteria.

GOAL

To actively participate in CCOLA and other professional organizations to maintain and/or strengthen our Office methodologies, competencies and processes.

2. Strategic Issues Group

The Office is represented on the CCOLA Strategic Issues Study Group, a committee composed of senior executives of each legislative audit office, including Canada. Offices benefit from collectively considering proposed solutions for urgent and

emerging accounting and assurance issues. The committee actively addressed many issues for cross-Canada input from various legislative offices. Guidance on issues and studies is provided to other CCOLA committees where needed.

The Committee was chaired from August 2002 to September 2003 by the Deputy Auditor General from Manitoba.

3. Human Resource Management

The Office is represented on the CCOLA Study Group on HR (HR) Management. The objectives of this study group are to:

- Provide a network to share information on HR practices and initiatives as they apply to legislative auditing;
- Promote HR best practices; and
- Develop HR-related surveys.

PRIORITY FOR 2004/05

Continue existing level of participation with external organizations.

In 2003/04, the committee conducted a number of surveys and compiled comparative HR information for reference by legislative offices.

4. Quality Assurance

The Office is represented on the CCOLA Quality Assurance Committee (Committee). The objective of the Committee is to develop a common quality assurance methodology, for use by legislative audit offices, in reviewing the quality of professional work performed in their offices.

New Canadian and international standards on quality control standards underscore the need for quality control and the importance of conducting quality assurance reviews to ensure that audit work meets professional standards and public expectations. Accordingly, CCOLA approved the conversion of the existing Quality Assurance Study Group into a standing committee last year.

The Committee co-ordinates the reviews of legislative audit offices by other legislative audit offices using the quality assurance methodology and tools developed by the Committee. Last year, a representative from the Ontario Provincial Auditor's Office reviewed a value-for-money audit file. The representative confirmed that our work was performed in accordance with the value-for-money

auditing standards recommended by the Canadian Institute of Chartered Accountants, and accordingly included such tests and other procedures as was considered necessary in the circumstances.

During 2004/05, the Committee will be revising its quality assurance methodology and tools to reflect the new Canadian quality control standards. Also, our Office will participate in the inter-jurisdiction reviews by reviewing financial statement audit files in the Provincial Auditor's Office in Saskatchewan.

5. Performance Reporting and Auditing

The Office is represented on the CCOLA Performance Reporting and Auditing Study Group, which has the following main objectives:

- To share among the legislative audit community experiences and research in the reporting and auditing of non-financial performance information both nationally and internationally;
- To advance the state of public reporting of non-financial performance information by federal/provincial/territorial governments and their agencies; and
- To advance the practice of providing assurance on non-financial performance information.

Over the past year the Study Group continued its work in developing a compendium of audit methodology based on the experiences of the Canadian legislative audit community. The Study Group is also in the process of developing a common approach to auditing performance reports using CCAF Principles of Reporting.

6. Information Technology Committee

The Office is represented on the CCOLA Information Technology Committee which provides input on best practices used in the audit and support of information technology, and provides advice on IT issues, including the use and maintenance of the CCOLA Website. The Committee meets annually to discuss the use of information technology to improve the performance of legislative audit offices, including the methods and procedures used to audit information systems.

During 2003/04, the Office hosted the annual meeting and a number of teleconference meetings of the Committee. On behalf of the Committee, the Office representative attended the annual CCOLA conference. Also, the Committee is working towards delivering training on information technology to general audit staff members of the legislative audit offices. In addition, Committee members from the western Provinces held teleconference meetings to discuss the approach and forms to be used for documenting and assessing computer control environments.

7. Health Study Group

The Office is represented on the CCOLA Health Study Group (HSG) that was established to consider audit issues related to the September 11, 2000 First Ministers Communique. The First Ministers agreed to report regularly to Canadians on health status, health outcomes and the performance of public health services. It was also agreed that each Provincial government and the Federal government would determine third party verification of their health performance indicators. Our Office was requested by the Department of Health to conduct third party verification which we provided through an audit opinion that was included in Manitoba Health's September 2002 *Health Indicators Report*.

Health Indicator Reports are to be issued every two years. We have held discussions with Manitoba Health during 2003/04 and will be performing the audit of the 2004 indicators report.

During 2003/04 the Study Group developed a set of common audit criteria to be used to conduct an audit of Pharmacare (most jurisdictions have agreed to undertaking this using a common approach).

8. Governance

The Office is represented on the CCOLA Governance Study Group, which was established in September 2003 to examine the effectiveness of public sector governance, and explore the development of a common approach to promoting and addressing governance issues in the public sector. Manitoba assumed a lead role in establishing this Study Group and developing its Terms of Reference. The Group is now chaired by Saskatchewan and includes

representation from British Columbia, Alberta, Quebec, New Brunswick and Canada.

OTHER CCOLA ACTIVITIES

9. Financial Statement Symposium

The Auditor General, Deputy Auditor General and Chief Operating Officer, Executive Director, Professional Practice, and the Audit Principal in charge of the audit of Public Accounts participated in the annual CCOLA Financial Statement Symposium. Over the years, this symposium has continued to provide an excellent forum for discussing financial statement and auditing issues unique to the public sector with other legislative audit offices across Canada.

10. CCOLA/CCPAC Conference

On an annual basis CCOLA co-hosts a Canadian Conference with the Canadian Council of Public Accounts Committees. This Conference was hosted in Winnipeg in September 2003. An objective of the Conference is to encourage dialogue between Legislative Auditors and elected members of Public Accounts Committees for all Canadian jurisdictions that would strengthen the functioning of Public Accounts Committees in Canada.

11. Western CCOLA Initiatives

During 2002/03, the Auditor Generals and Deputy Auditor Generals of British Columbia, Alberta, Saskatchewan and Manitoba agreed to work together in the development of a common audit methodology. This project is continuing with working group members from each jurisdiction exchanging information and research.

PARTICIPATION IN PROFESSIONAL ORGANIZATIONS

CCAF-FCVI

The Office is represented on the Task Force on public performance reporting.

Certified General Accountants Association of Manitoba

The Office is represented on a committee of the board.

Canadian Institute of Chartered Accountants

The Office is represented on the following Public Sector Accounting Board (PSAB) task forces:

- The Government Reporting Entity Task Force
- The Liabilities, Contingencies and Commitments Task Force.

The Office is represented on the Assurance Standards Board (ASB).

The Office is represented on the following ASB task force:

- The Generally Accepted Auditing Standards (GAAS) Hierarchy.

Financial Executives Institute

The Office is represented on the Board of the Winnipeg Chapter.

Information Systems Audit and Control Association

The Office is represented on the board of the Manitoba Chapter.

Institute of Chartered Accountants of Manitoba

The Office is represented on two committees of the Institute:

- Office Practise Assistance Committee
- University Recruitment Committee

Institute of Internal Auditors (IIA)

The Office is represented on the board of Winnipeg Internal Auditors, the local Chapter of the IIA.

IT Governance Institute

The Office is represented on the International Board (based in Chicago).

OTHER MEMBERSHIPS

- Associates of I.A. Asper School of Business
- Association of Certified Fraud Examiners
- Canadian Evaluation Society
- Certified Management Accountants of Manitoba
- Conference Board of Canada
- Financial Management Institute
- Human Resource Management Association of Manitoba
- The Institute of Corporate Directors
- The Institute of Public Administration of Canada
- The Institute of Public Administration - Winnipeg Chapter
- Winnipeg Chamber of Commerce

Financial Accountability

FINANCIAL MANAGEMENT DISCUSSION AND ANALYSIS

The audited financial statements for the Office of the Auditor General are provided in this report on pages 81 to 88.

Estimate Process

As per Section 27(3) of The Auditor General Act, the Office of the Auditor General receives funding from the Legislative Assembly appropriations. Late fall each year, the Office makes a budget presentation to the Legislative Assembly Management Commission. This Commission provides the forum for the Office to request salaries funding for complement positions and operations funding.

The Office of the Auditor General maintains a bank account for operating expenses independent from the province. Advances are provided by the Province up to the amounts approved by the Legislative Assembly Management Commission.

Note 6 to the financial statements summarizes the approved funding for the past two years. In both years, the Office managed within its allocated funding and returned unexpended balances to the Consolidated Fund in accordance with Section 27(4) of The Auditor General Act.

Balance Sheet

The accrued vacation payable has increased mainly to an increase in the number of vacation days carried forward from the prior year and an increase in vacation entitlements. This liability is matched with a funding commitment from the Province of Manitoba.

The provision for employee severance benefits and employee pension benefits has increased as a function of increased employee years of service. These liabilities are matched with long-term funding commitments from the Province of Manitoba.

Year's Operations

Audit fee revenue is consistent with that of the previous year.

The increase in salaries for 2004 reflects increases for cost of living, promotions and reclassifications offset by position vacancies for a portion of the year.

Pension and other benefits is higher for 2004 as a result of the impact of increased years of service and position reclassifications.

Printing costs decreased as a result of reduced supplier prices.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying financial statements of the Office of the Auditor General for the year ended March 31, 2004 are the responsibility of management of the Office. Management has prepared the financial statements to comply with The Auditor General Act and with generally accepted accounting principles in Canada. The financial information presented elsewhere in this annual report is consistent with that in the financial statements.

To ensure the integrity and objectivity of the financial data, management maintains a comprehensive system of internal controls including an organizational structure that effectively segregates duties. These controls provide reasonable assurance that transactions are appropriately authorized, assets are adequately safeguarded and financial information is reliable and accurate.

The financial statements have been audited by the firm of Frostiak & Leslie, Chartered Accountants Inc. Their report to the Members of the Legislative Assembly, stating the scope of their examination and opinion on the financial statements, appears on page 80.

Jon. W. Singleton, CA•CISA
Auditor General
June 9, 2004

FROSTIAK & LESLIE
Chartered Accountants Inc.

Larry H. Frostiak, CA, CFP, TEP Kenneth T. Leslie, CA Myles L. Pouteau, CA, TEP

CA.COM FINANCIAL GROUP

AUDITORS' REPORT

TO THE LEGISLATIVE ASSEMBLY OF MANITOBA

We have audited the balance sheet of the Office of the Auditor General of Manitoba as at March 31, 2004 and the statements of operations and net assets available and cash flows for the year then ended. These financial statements are the responsibility of the Office of the Auditor General. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Office of the Auditor General as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Winnipeg, Manitoba
June 9, 2004

FROSTIAK + Leslie
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FINANCIAL STATEMENTS AND NOTES

Balance Sheet
as at March 31, 2004
(000s)

OFFICE OF THE AUDITOR GENERAL OF MANITOBA
BALANCE SHEET

As at March 31, 2004, with comparative figures for 2003 (000's)

	2004	2003
ASSETS		
Current assets		
Accounts receivable	$ 184	$ -
Short term funding commitments - Province of Manitoba	422	330
Prepaid expenses	183	90
Work-in-process - audit fees	174	153
	943	573
Long term funding commitments -		
Province of Manitoba (Note 3 & 7)	9,903	9,334
Capital assets (Note 4)	155	295
	$ 11,001	$ 10,202
LIABILITIES AND NET ASSETS		
Current liabilities		
Accrued liabilities	$ 109	$ 16
Accrued vacation pay	422	330
Current portion of lease obligations (Note 5)	36	67
	567	413
Provision for employee severance benefits (Note 7)	454	408
Provision for employee pension benefits (Note 7)	9,449	8,926
Capital lease obligation (Note 5)	-	35
	10,470	9,782
Net assets available	531	420
	$ 11,001	$ 10,202

See accompanying notes to financial statements.

Approved by the Office of the Auditor General of Manitoba:

Auditor General

Deputy Auditor General & Chief Operating Officer

Statement of Operations and Net Assets Available
Year Ended March 31, 2004
(000s)

OFFICE OF THE AUDITOR GENERAL OF MANITOBA
STATEMENT OF OPERATIONS AND NET ASSETS AVAILABLE

Year ended March 31, 2004, with comparative figures for 2003 (000's)

	2004	2003
Revenue		
Province of Manitoba - net funding (Notes 3 & 6)	$ 4,842	$ 4,621
Audit fees	683	660
	5,525	5,281
Expenses		
Salaries	2,744	2,673
Pension and other benefits	1,273	1,079
Professional fees	616	603
Office rent	164	163
Office administration	136	152
Professional development	104	117
Information technology	88	116
Memberships and publications	59	54
Printing	58	91
Interest and bank charges	5	10
Travel	1	12
	5,248	5,070
Excess of revenue over expenses before undernoted	277	211
Amortization of capital assets	(166)	(168)
Excess of revenue over expenses	111	43
Net assets available, beginning of year	420	377
Net assets available, end of year	$ 531	$ 420

See accompanying notes to financial statements.

Statement of Cash Flows
Year Ended March 31, 2004
(000s)

OFFICE OF THE AUDITOR GENERAL OF MANITOBA
STATEMENT OF CASH FLOWS

Year ended March 31, 2004, with comparative figures for 2003 (000's)

	2004	2003
Operating activities		
Excess of revenue over expenses	$ 111	$ - 43
Items not involving a current outlay of cash		
Amortization	166	168
Net change in working capital balances		
Accounts receivable	(164)	-
Short term funding commitment - Province of Manitoba	(92)	(7)
Prepaid expenses	(93)	(16)
Work-in-process - audit fees	(21)	(9)
Accrued vacation pay	92	7
Accrued liabilities	93	-
Long term funding commitment	(589)	(516)
Provision for employee severance	46	18
Provision for employee pension	523	498
	92	186
Investing activities		
Purchases of capital assets	(26)	(120)
Financing activities		
Acquisition of capital lease obligations	(66)	(66)
Net increase in cash	-	-
Cash, beginning of year	-	-
Cash, end of year	$ -	$ -

See accompanying notes to financial statements.

OFFICE OF THE AUDITOR GENERAL OF MANITOBA
NOTES TO FINANCIAL STATEMENTS

March 31, 2004 (000's)

1. NATURE OF OPERATIONS AND ECONOMIC DEPENDENCE

The Auditor General is appointed under The Auditor General's Act (Chapter 39) as an officer of the Legislature. The Act provides for the establishment of the Office of the Auditor General of Manitoba and sets out the authority and powers of the Auditor General, identifies the audit services to be provided, and establishes reporting responsibilities.

All of the funding for the operations of the Office of the Auditor General of Manitoba is approved by the Legislative Assembly Management Commission and included in the Government's estimates as voted through the Appropriation Act by the Legislative Assembly. Accordingly, the Office is economically dependent on the Province of Manitoba.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following policies:

a) Revenue from the Province of Manitoba

Funding from the Province of Manitoba is recognized as revenue based on transactions reflected through the Consolidated Fund of the Government. Revenue includes cash payments processed against appropriations of the Legislative Assembly, cash payments for the employer's share of pension benefits paid to retirees from the Office, and the Offices' share of provisions recorded for unfunded pension benefits, accrued severance benefits and accrued vacation pay. This funding is then reduced by the amount of audit fees collected by the Office and deposited to revenue accounts of the Consolidated Fund.

b) Revenue from audit fees

Audit fee revenue is recognized on the basis of the percentage of work completed for those government entities which are charged for attest audit services and which account for their financial activities outside of the Consolidated Fund. The amount reflected as work-in-process is valued at its estimated billable amount.

c) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incident to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expense as incurred.

d) Vacation Pay

The value of employee vacation entitlements earned but not taken at the year end is recorded as a liability.

OFFICE OF THE AUDITOR GENERAL OF MANITOBA
NOTES TO FINANCIAL STATEMENTS

March 31, 2004 (000's)

e) Measurement Uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and revenues and expenses for the period reported. The more subjective of these are estimating the pension obligation and severance liability. Actual results could differ from those estimates.

f) Amortization

Capital assets are stated at cost. Capital assets are amortized using the straight line basis over the estimated useful life of the capital assets as follows:

Computer software licenses - the life of the license if over 1 year	
Computer hardware and software	3 years
Computer equipment under capital lease	3 years
Furniture and fixtures	10 years

3. LONG-TERM FUNDING COMMITMENTS - PROVINCE OF MANITOBA

The long-term funding commitments from the Province of Manitoba represent the pension and severance benefits earned by the employees of the Office of the Auditor General of Manitoba. The amount of this funding commitment is equal to the provisions recorded for the employees' severance and pension benefits.

This long-term funding commitment would only be collected from the Province of Manitoba in the event of a cash shortfall, which would only be likely to occur if the Office of the Auditor General of Manitoba was to cease operations.

4. CAPITAL ASSETS

	2004		2003	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer hardware and software	$ 628	$ 593	$ 602	$ 509
Computer equipment under capital lease	259	227	259	161
Furniture and fixtures	178	90	177	73
	$ 1,065	$ 910	$ 1,038	$ 743
Net book value	$ 155		$ 295	

OFFICE OF THE AUDITOR GENERAL OF MANITOBA
NOTES TO FINANCIAL STATEMENTS

March 31, 2004 (000's)

5. CAPITAL LEASE OBLIGATIONS

	2004	2003
Capital lease - bears interest at 7.55%, with a monthly payment of principal and interest of $6.0, expiring September 26, 2004	$ 36	$ 108
Less: Lease interest	1	6
	35	102
Less: Current portion of principal payments	35	67
	$ -	$ 35

Future minimum lease payments for next five years, principal and interest:

2005	$ 36
2006	-
2007	-
2008	-
2009	-
	$ 36

OFFICE OF THE AUDITOR GENERAL OF MANITOBA
NOTES TO FINANCIAL STATEMENTS

March 31, 2004 (000's)

6. REVENUE - PROVINCE OF MANITOBA

In accordance with Section 27(3) of The Auditor General's Act, the costs of carrying on the business of the Office of the Auditor General of Manitoba shall be paid from the Consolidated Fund of the Province of Manitoba. As a result, net funding from the Consolidated Fund which is attributable to the costs of the Office has been reflected as revenue and includes expenditure transactions processed through the Consolidated Fund on behalf of the Office, less any audit fees and other recoveries which have been deposited to the Consolidated Fund.

Net funding from the Consolidated Fund which is reflected as revenue is comprised of the following amounts:

	2004	2003
Funding from the Legislative Assembly appropriations:		
Salaries	$ 3,011	$ 2,905
Operating	1,184	1,197
	4,195	4,102
Cash payments-employer's share of employee pension benefits	336	318
Deposits of audit fees and other recoveries	(350)	(322)
Net cash from Consolidated Fund	4,181	4,098
Increase in future funding commitments:		
Employee pension benefits	523	498
Severance pay	46	18
Vacation pay	92	7
Revenue from the Province of Manitoba	$ 4,842	$ 4,621

Revenue from the Legislative Assembly for the operations of the Office was originally approved in the annual estimates of the Government as follows:

	2004	2003
Salaries	$ 3,271	$ 3,164
Other	961	989
Approved estimates	$ 4,232	$ 4,153
Payments process, as above	$ 4,195	$ 4,102
Unexpended balance	$ 37	$ 51

OFFICE OF THE AUDITOR GENERAL OF MANITOBA
NOTES TO FINANCIAL STATEMENTS

March 31, 2004 (000's)

7. PENSION OBLIGATION AND SEVERANCE LIABILITY

Pension costs

Employees of the Office of the Auditor General of Manitoba participate as members of the Civil Service Superannuation Plan, a defined benefit pension plan.

The employer's portion of the pension benefits paid to retired employees are processed through central appropriations to the Government and reflected in these financial statements as both revenue and expenditure transactions. Provision is recorded at the year end to reflect the Office's pro-rata share of the most recent actuarial valuation of unfunded pension liabilities estimated for the Civil Service Superannuation Plan. The most recent Actuarial Valuation Report available was prepared as at December 31, 2001.

Severance benefits

Provision has been made for employee severance entitlements based on one week of salary for each year of service up to a maximum of fifteen weeks. In addition to this severance, employees who retire in accordance with the provisions of The Civil Service Superannuation Act will also be eligible for severance pay:

a) Employees with 20 or more years of accumulated service, an additional 2 weeks of pay;
b) Employees with 25 or more years of accumulated service, an additional 2 weeks of pay plus the amount in a) above;
c) Employees with 30 or more years of accumulated service, an additional 2 weeks of pay plus the amounts in a) and b) above;
d) Employees with 35 or more years of accumulated service, an additional 2 weeks of pay plus the amounts in a) and b) and c) above.

The provision includes accumulated benefits for all employees and includes a probability rate provided by the Province of Manitoba.

The most recent actuarial valuation of the pension obligation and severance liability of the Office of the Auditor General of Manitoba was prepared as at December 31, 2001. These reports became available during the preparation of the 2003 financial statements.

8. STATEMENT OF CASH FLOWS

Interest and bank charges included in the statement of cash flows that were paid during year are $7 (2003 - $45).

9. COMMITMENT

The Office of the Auditor General of Manitoba is committed to lease office premises at 500-330 Portage Avenue (Newport Centre) in Winnipeg, Manitoba. Minimum annual lease payments are approximately $165, plus annual adjustments for occupancy costs payable to Transportation and Government Services. The lease expires August 31, 2009.

Performance Accountability

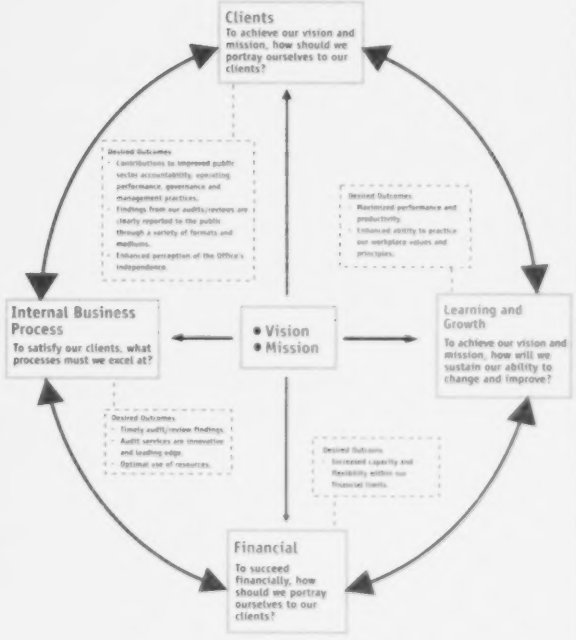
Our Strategic Planning Process

Our strategic plan is based on the Balanced Scorecard model. Through this approach, objectives, outcomes, actions and performance measures are developed that relate to four perspectives: Clients; Internal Business; Learning and Growing; and Financial.

The intent behind the model is to ensure that the strategic plan contains complementary and inter-related strategies from each perspective. Collectively, these perspectives ensure that a comprehensive and balanced approach is taken in order to realize an organization's desired outcomes. The desired outcomes developed by our Office are outlined on the following Figure.

Balanced Scorecard Model

The Balanced Scorecard Provides a Framework to Translate a Vision and Mission into Operational Terms


Clients
To achieve our vision and mission, how should we portray ourselves to our clients?
Desired Outcomes
- Contributions to improved public sector accountability, operating performance, governance and management practices.
- Findings from our audits/reviews are clearly reported to the public through a variety of formats and mediums.
- Enhanced perception of the Office's independence.
Desired Outcomes
- Maximized performance and productivity.
- Enhanced ability to practice our workplace values and principles.
Internal Business Process
To satisfy our clients, what processes must we excel at?
• Vision
• Mission
Learning and Growth
To achieve our vision and mission, how will we sustain our ability to change and improve?
Desired Outcomes
- Timely audit/review findings.
- Audit services are innovative and leading edge.
- Optimal use of resources.
Desired Outcomes
- Increased capacity and flexibility within our financial limits.
Financial
To succeed financially, how should we portray ourselves to our clients?

Our External Priorities

To achieve our desired outcomes for our clients, the focus of our work will be to support and promote within government reporting entities:

- the use of recognized accounting standards, e.g., Generally Accepted Accounting Principles (GAAP), as enunciated by the Public Sector Accounting Board (PSAB), and the Canadian Institute of Chartered Accountants (CICA);
- effective compliance with government legislation/regulations, policies and procedures;
- the effective use of information technology;
- the effective use of strategic/business planning and performance measurement;
- effective governance practices; and
- improved assessment and reporting on program effectiveness.

Our Internal Priorities

To build on our ability to achieve our desired outcomes, internal Office operations will focus on:

- enhancing coordination between our service areas;
- developing employees as legislative auditors with expanded skill sets and the ability to perform increasingly complex audits of various types;
- strengthening teamwork capabilities; and
- improving communication and the exchange of ideas within service areas and across the organization as a whole.

Summary of Results According to 2003/04 Strategic Plan

In accordance with our 2003/04 Strategic Plan, the following provides a summary of key actions completed over the past year to meet our desired outcomes.

Perspective	*Desired Outcome*	*Actions Completed*
Client	Contributions to improved public sector accountability, operating performance, governance and management practices	• Provided over 100 attest audit services, partnership audits and overviews on a timely basis. • Conducted planning for third party verification for Manitoba's Health Indicators Report to be issued in the fall of 2004. • The following reports were issued during the year: - Audit of the Public Accounts - A Review of the Symmetry Between the Accounting Principles of the Regional Health Authorities, Manitoba Health and the Province of Manitoba - A Review of Gentax: An Integrated Tax Processing Software Application - An Examination of the Collège de Saint-Boniface - Investigation of Hecla Island Land and Property Transactions - Follow-up On Previously Issued Recommendations on Business Planning and Performance Measurement - Attributes of Managing and Reporting Results: A Survey of Senior Management - Information Technology Report - Red River College - Information Technology Organization in the Province - Computer Security Incident Response Capability in the Province - A Review of Crown Corporations Council and Compliance Reports - A Review of Crown Corporations Council - Grant Accountability in Family Services and Housing Child Protection and Support Services - A Review of the Student Records Section of the Professional Certification and Student Records Unit - Northern Manitoba Community Councils' Financial Reporting Standards - University of Winnipeg Financial Review - Hudson's Bay Company Archives Review - Update on the Status of Municipal Financial Accounting and Reporting Standards in Manitoba - Dakota Tipi First Nation Gaming Commission and First Nation Gaming Accountability in Manitoba - Investigation of Hydra House Ltd. and A Review of the Related Department of Family Services and Housing Financial Accountability Framework • Performed a follow-up on the status of recommendations made in past VFM and Compliance reports. • Fieldwork is substantially completed with reports to be issued on 6 audits. Fieldwork has commenced on 13 additional audits. • Met with MLAs and citizens on a variety of specific issues of concern. • Conducted a citizen survey in December 2003. • Provided input to the CICA on public sector accounting and auditing issues. • Provided information to Treasury Board, the Minister of Finance and the Department of Finance on present and future accounting issues.

Summary of Results According to 2003/04 Strategic Plan (cont'd.)

Perspective	Desired Outcome	Actions Completed
Client (cont'd.)	Findings from our audits/reviews are clearly reported to the public through a variety of formats/mediums	• Press releases were issued for reports.
		• Reports and press releases were made available on the Office website at the time of their public release.
		• Auditor General made numerous presentations to a variety of audiences.
	Enhanced perception of the independence of the Office	• Met with a number of Board and Audit Committees and discussed our Office.
		• Continued discussions for strengthening the role and function of the Public Accounts Committee of the Legislature.
Internal Business	Innovative and leading edge audit services	• Held meetings with private sector auditors, public sector internal auditors, and public sector Chief Financial Officers.
		• Participated on the Office Practice Assistance Committee of the Institute of Chartered Accountants of Manitoba.
		• Established an Executive Director, Professional Practice position.
		• Expanded involvement of employees with CCOLA and external professional associations.
		• Supported expanded membership and involvement in professional associations.
		• Completed four agency agreements for attest audits.
		• Conducted audit planning and result presentations to a variety of boards and finance/audit committees.
		• Selected audit projects focused on improved financial reporting within the public sector.
	Optimal use of resources	• Monitored employee utilization and audit costs, as well as other performance data.
		• Participated in the University of Manitoba recruitment initiative through the Institute of Chartered Accountants and hired two CA summer students and three CA full-time students.
		• Contracted with subject matter experts to assist in the conduct of audits/investigations.
		• Partnered with private sector accounting firms for resource secondments.
		• Continued to upgrade hardware and software resources in the Office.
		• Implemented TeamMate software in order to conduct financial audits using an electronic medium.
		• Increased content of the Office Intranet.
Learning and Growth	Maximize performance and productivity and encourage a positive and professional work environment	• Developed a Sustainable Development Policy and completed planned actions for 2003/04.
		• Established an Executive Director-Strategic Initiatives position to work toward implementation of the long-term human resource strategy, including a focus on core competencies and professional development.

Summary of Results According to 2003/04 Strategic Plan (cont'd.)

Perspective	Desired Outcome	Actions Completed
Learning and Growth (cont'd.)	Maximize performance and productivity and encourage a positive and professional work environment (cont'd.)	• The Professional Development Committee planned and coordinated programs, courses and lectures. This was supplemented with computer training and personal training and development options selected by individual employees.
		• Conducted several employee meetings and office report briefings.
		• Promoted open and transparent communication on issues being addressed by the Office.
		• Conducted an employee opinion survey.
		• Encouraged diversity of work opportunities and challenges for employees.
		• The Office Social Club organized a number of specific social functions for employees throughout the year.
		• Office members participated in external professional and volunteer organizations.
		• Office members participated on CCOLA Committees.
Financial	Increased capacity and flexibility within our financial limits	• Monthly financial and quarterly operations reports prepared.
		• Coordinated Office billing and time systems and produced required information.
		• Managed staffing levels in accordance with the approved budget and market availability of employees with the competencies required, in order to fill vacancies arising during the year.
		• Maximized the use of training dollars through attendance at local training courses and a course developed by another Legislative office.

Summary of 2005/07 Strategic Plan

The following strategies were developed as part of our three year strategic plan to help us achieve our desired outcomes. Specific action plans are developed for each strategy on an annual basis.

Perspective	Desired Outcome	Strategies
Client	Contributions to improved public sector accountability, operating performance, governance and management practices	• To conduct assurance services.
		• To conduct compliance and forensic investigations.
		• To conduct results-oriented VFM audits and audit projects.
		• To conduct information technology audits.
		• To conduct governance reviews and studies.
		• To conduct business planning and performance measurement reviews and studies.
		• To respond to external requests/special audits.
		• To continue partnering with private sector accounting firms.
		• To follow-up on the status of recommendations made in past reports.

Summary of 2005/07 Strategic Plan (cont'd.)

Perspective	Desired Outcome	Strategies
Client (cont'd.)	Findings from our audits/reviews are clearly reported to the public through a variety of formats/ mediums	• To update the external communication strategy as needed.
	Enhanced perception of the independence of the Office of the Auditor General	• To continue to make organizational changes resulting from the new Auditor General Act.
		• To continue our efforts to strengthen the role and function of the Public Accounts Committee of the Legislature.
Internal Business	Innovative and leading edge audit services	• To promote the basic principles for Legislative auditors.
		• To explain/communicate our independence to clients, stakeholders and intermediaries.
		• To identify opportunities for our work in areas of emerging public sector issues.
		• To encourage ongoing enhancement of skills in results-based auditing.
		• To continuously incorporate current thinking on control and risk management into our audit processes.
		• To promote adoption of CICA/PSAB standards across all audit entities.
		• To develop a compliance opinion and an internal control opinion for use in the Manitoba public sector.
		• To maintain and encourage external networking and membership in professional associations.
		• To increase our communication with Internal Audit.
		• To keep informed of practices in other Legislative offices.
	Optimal use of resources	• To maintain an audit universe for the selection and coordination of audits that offer the greatest potential for us to contribute to improved performance and accountability in the public sector.
		• To ensure that the Public Accounts audit is planned and conducted to ensure the optimal use of resources.
		• To ensure auditing standards for all services are current and to continue to enhance the Office's quality assurance process.
		• To ensure compliance with CPAB Quality Assurance Standards.
		• To use multi-disciplinary audit teams where appropriate.
		• To ensure the Office's information technology structure effectively supports the operation of the Office.
		• To monitor and report on our operations.
		• To monitor and ensure client satisfaction with our services.
Learning and Growing	Maximize performance and productivity and encourage a positive and professional work environment	• To action our long-term human resource strategy.
		• To action our professional development strategy.
		• To supplement our knowledge base with external experts as needed.
		• To respond to issues from our employee opinion survey.
Financial	Increased capacity and flexibility within our financial limits	• To maintain an optimum level of resources among service groups.

Best Practices - Critical Success Factors

This is a list of critical factors or practices that we consider to be essential ingredients of a quality legislative office. Essentially the critical factors represent qualitative performance indicators against which we benchmark our performance.

Critical Success Factors

Practices and Activities	Our Performance
Strategic Planning	• Three year Business Plan in place that is updated annually with a major review every three years. Next major review to be conducted in 2004.
Performance Measurement	• Measures developed and evolving. • Referencing CCOLA measures as developed.
Audit Procedure Manuals	• Methodology exists for Financial Statement Services and Value-For-Money Services; both are reviewed annually to ensure they are current. • A Manual is in development for Compliance and Forensic Services.
Quality Control Review	• Pre-issuance review on draft financial statements. Pre-issuance review on draft reports. Post-issuance file reviews.
Quality Assurance	• Review completed by the Office of the Auditor General of Canada (financial statements in 2002). • Practice inspection completed by the Manitoba Institute of Chartered Accountants in 2002. • Dedicated Professional Practice position established in the Office in 2003. • Review completed by the Ontario Provincial Audit Office in 2003 (VFM file). • Representative of Manitoba to complete a financial statement file review for the Saskatchewan Provincial Audit Office.
Audit Selection Process	• Risk assessment process utilized in audit selection. Process to be subject to continuous improvement.
Percentage of Staff with a Professional Accounting Designation and/or an Advanced Degree (e.g., Masters)	• Staff with an Accounting Designation/Audit Certification — Number: 33, %: 73 • Staff with an Advanced Degree — Number: 4, %: 9 • CA Students — Number: 3, %: 7 • Non-designated Staff — Number: 5, %: 11 Total Staff — Number: 45, %: 100
Opportunities for Professional Development	• Financial support to CA students and to employees for audit courses completed and passed. • Budget for staff to take various types of internal and external training. • Presentations organized on relevant topics.
External Memberships	• Canadian Council of Legislative Auditors (CCOLA) • CCAF-FCVI • Canada Evaluation Society • Financial Executive Institute • Certified General Accountants Association of Manitoba • IT Governance Institute • Canadian Institute of Chartered Accountants (CICA) • Public Sector Accounting Board (PSAB) • Institute of Internal Auditors (IIA) • Institute of Chartered Accountants of Manitoba (ICAM) • Chamber of Commerce • Human Resources Management Association of Manitoba (HRMAM) • Conference Board of Canada • Information Systems Audit and Control Association (ISACA) • Institute of Public Administration of Canada (IPAC) • Financial Management Institute (FMI)

Critical Success Factors	
Practices and Activities	**Our Performance**
External Memberships (cont'd.)	• Associates of the University of Manitoba, I.H. Asper School of Business • The Institute of Corporate Directors • Association of Certified Fraud Examiners • Certified Management Accountants of Manitoba
Use of IT Tools in Office Operations and Audit/Review Projects	• TeamMate as an electronic working paper software for Financial Statement Services implemented. • TeamMate for other Service Groups to be in place and utilized during 2004/05. • Audit software (IDEA/CASEWARE, Microsoft Office products) • Time tracking on projects is automated • Attendance records automated • E-Mail • Internet Access • MS Project Planner Software

Performance Measurement

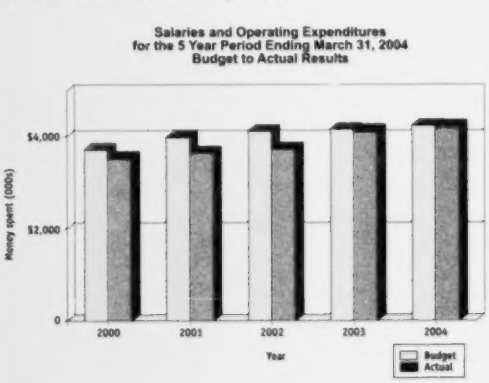
Overview

As a key component of our strategic plan, the Office is committed to performance reporting. The following information provides a synopsis of our results in key performance areas.

As the work in the Office continues to evolve, we will be reviewing and assessing future additional or varied performance measures.

Salaries and Operating Expenditures

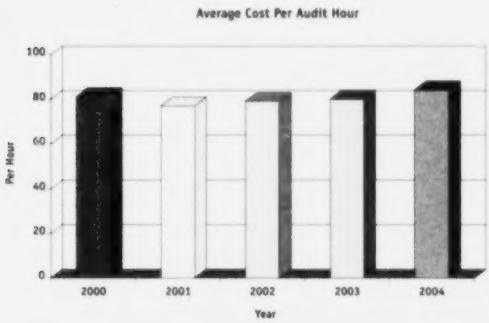
The following chart reflects the budget to actual expenditures of the Office over the past five years. The slight increase in expenditures mainly reflects inflation and contractual salary adjustments. The level of staff in the Office has remained relatively constant over the same period.



Over the past five years, the Office has never exceeded its overall funding as authorized by the Legislative Assembly Management Commission. We have managed our finances prudently and have returned unexpended amounts to the Consolidated Fund.

Audit Costs

The average cost per audit hour is based on the actual salary cost and benefits plus operating costs. The audit hours are the total number of actual audit hours for the year.



The average cost per audit hour for 2004 increased slightly from the prior year. This increase was due to contractual increase in salaries paid, promotions, increments, and to a slight decrease in the number of direct audit hours.

The Office is a training office for people to become Chartered Accountants, and the last few years have seen an increase in the number of student auditors in our employee composition. In 2003/04 two students received their Chartered Accountant's designation, resulting in salary increases.

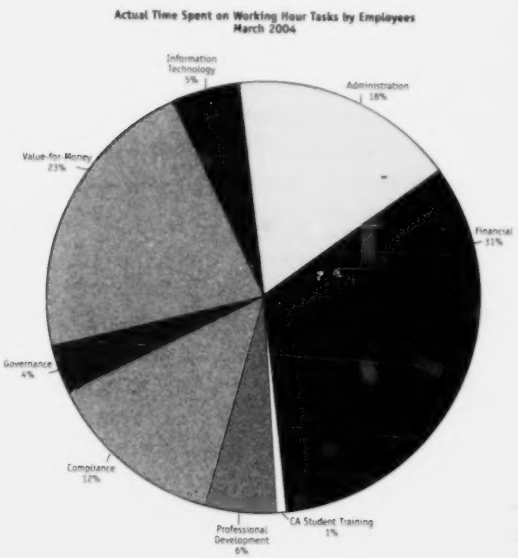
Employee Time

	Actual				Target
	2001	2002	2003	2004	2004
Employee Time					
Working hours	86%	85%	86%	85%	85%
Vacation and statutory holidays	12%	12%	11%	11%	11%
Sick leave	2%	3%	3%	2%	2%
Other leaves	-	-	-	2%	2%
	100%	100%	100%	100%	100%
Working Hour Tasks					
Audits	69%	73%	76%	75%	75%
Executive and Support Services	21%	22%	18%	18%	18%
Professional Development	7%	4%	5%	6%	6%
CA Student Training	3%	1%	1%	1%	1%
	100%	100%	100%	100%	100%
Number of full-time positions	43	45	42	45	46

Every employee is required to complete bi-weekly timesheets for each task done during the work day. Internally, time is posted to audits, projects or administration which includes support services, executive management, general office administration, professional development, etc. The Office uses the information to monitor performance and to determine the actual cost of audits or projects.

Our goal was that 75% of staff time be charged to audits. We achieved this goal for the past two years.

In terms of our audit work, the following pie chart provides a schematic of the percentage of time spent on working hour tasks.

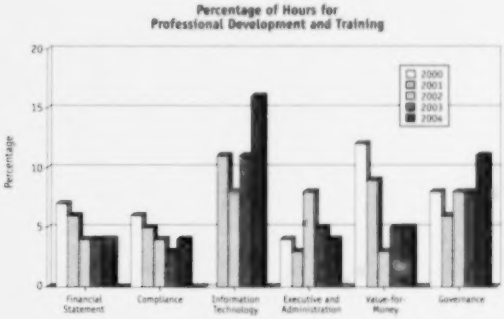


Professional Development and Training

On average the Office target is that 7% (6% + 1%) of employees time be allocated to professional development and training. On an overall basis 7% was achieved. The training for 2003/04 was determined from the training and development needs of Services' employees.

In addition to professional development and training employees have during working hours, employees

also spend additional hours taking courses and enhancing their professional skills. These hours are not reflected in the 7% of employee time.



Client Satisfaction - MLA Survey

Our Office defines its primary clients as the citizens of Manitoba, and their representatives, the Members of the Legislative Assembly (MLAs). The government departments and organizations we audit are the beneficiaries of our services.

To ensure that our services meet the needs and expectations of our clients, the Office conducts a survey of MLAs every three years. We seek information on the extent to which MLAs have read our reports, their assessment and overall satisfaction of our reports and their assessment of the extent to which we achieve our desired outcomes.

The MLA survey was administered in May 2002 by an independent research firm to ensure respondent confidentiality. Our 2002 results indicated the following:

- 86% of MLAs agreed that the work of our Office contributes to improved public sector accountability in Manitoba;
- 92% indicated that our Reports to the Legislative Assembly (RTLs) are an important service;
- 92% felt that our RTLs deal with matters of significance for the Legislative Assembly;
- 84% indicated they are satisfied with the overall quality of our RTLs; and

- 84% indicated that the RTLs deal with issues in an unbiased and objective manner, and that the recommendations made were fair and practical.

Client Satisfaction - Citizen Survey

As a further component of our performance measurement strategy, the Office conducts a survey of Manitoba citizens every three years in order to guage public awareness of our Office; to measure the accomplishment of our desired outcomes; and to track changes in public perception of the Office over time. A previous survey was conducted in 1999. In December 2003 a Probe Research Omnibus survey sampled 1,004 Manitobans. The survey indicated that approximately:

- 30% of Manitobans were aware of the work of the Office;
- 40% of Manitobans feel that the Office helps build greater trust, confidence and accountability of government;
- 40% of Manitobans believe our work ensures responsible use of public monies; and
- 40% of Manitobans feel our work has a positive impact on government.

We will be utilizing this information in determining how we can increase the awareness of our Office.

Employee Satisfaction

Our Office believes that a cooperative, energetic, team environment that values and respects the individual and promotes continuous learning and growth is essential in order for us to achieve our Mission and Vision.

Respect, honesty, integrity and openness form our fundamental values. A 2004 staff survey (91% participation rate) indicated that 76% of respondents were satisfied to be working in our Office. The next survey will be conducted during 2006. Between now and then we will be striving to further improve this measure through various human resource and communication initiatives.

Follow-up of Recommendations Accepted by the Government

Overall, the majority of our recommendations are accepted by the entities we audit, and by the Ministers. The Government is receptive to implementing these recommendations. Our MLA survey of 2002 indicated that 83% feel that our recommendations will improve the operations of government, once implemented.

In March 2004, we initiated a follow-up process for 9 performance and 4 compliance audits. These audits included 206 recommendations spanning from 1997 to February 2002. As part of our follow-up process we asked management to provide us with progress reports on the status of their implementation efforts. Most reports were received by the end of May (9 reports dealing with 159 recommendations). From the reports received, management reported that 74% of recommendations were either implemented or that significant progress had been made in implementing the recommendations. For 10 recommendations, circumstances had substantially changed and, as a result, our recommendations were no longer relevant. We note that management only rejected one of the recommendations made.

We are currently conducting review procedures on the progress reports prepared by management and will report our findings in more detail in a report to the Legislature in the fall of 2004.

Requests for Special Audits/ Consultations

Requests for Special Audits, investigations and consultations has increased significantly over the past year. The Office reviewed the impact of requests on its audit and resource planning and staffing processes and decisions, and will continue to request funding to cover the approved complement staffing level.

Speaking Engagements

In the past year, thirty presentations and numerous interviews have been given by the Auditor General on a wide variety of topics including: Balanced Budget Legislation, Public Leadership and Accountability, Board Audit Committees, Policy Development, School Board Governance, Role of the Legislative Auditor, as well as on specific Reports. Presentations have also been made by the Deputy Auditor General and Chief Operating Officer and several Audit Principals on specific Report findings and accounting related topics.

Sustainable Development

In the spring of 2000, the Government of Manitoba committed to implementing sustainable development guidelines for operations of all departments, entities and related corporations. Our Office established a Sustainable Development Committee to review the guidelines and prepare an action plan. We submitted the action plan to Government Services in September 2002 and effective April 1, 2003 our Office began working toward the achievement of the action plan. The action plan is contained in Appendix D of this report.

SUSTAINABLE DEVELOPMENT POLICY

The Office of the Auditor General will apply the principles of sustainable development in all aspects of its operations to achieve environmentally sound and sustainable economic development. Through its decisions to provide information and services to the Legislative Assembly and the people of the Province of Manitoba, the Office of the Auditor General will endeavour to meet the needs of the present without compromising the ability of future generations to meet their needs.

The Office of the Auditor General recognizes that our day to day activities, operations and other policy responses impact on society and the environment in a number of ways. As such, the Office of the Auditor General is committed to an integrated planning approach that includes evaluating the impact of our activities on the environment, natural resources, and ecology of Manitoba.

In order to reduce the impact of our Office on the environment, we are committed to achieving continuous improvement of our performance through the development and implementation of an environmental management policy and raising awareness of sustainable development within our Office and with those we interact with.

We intend to reduce our main environmental impacts through improvements in:

- recycling initiatives;
- purchasing and contract management (including paper);
- business and commuter travel;
- waste reduction; and
- continued engagement with other departments and agencies to better understand and manage social, environmental and ethical impacts of our policies.

In particular we shall extend the scope of, and better integrate, all aspects of sustainable development into our business activities, including:

- Developing automated audit tools such as electronic working papers to reduce the amount of paper included in audit files;
- Ensuring compliance with all relevant legislation;
- Measuring performance against objectives and targets on a regular basis to identify strengths and areas requiring further improvement;
- Continuing to extend and improve our environmental management systems;
- Ensuring our staff and other support people, including contractors, are aware of and actively support our environmental programs; and
- Openly and publicly communicating progress on these issues to internal and external parties and responding appropriately to reasonable requests for information.

Purchases shall be based on sustainable development principles, including:

- Careful consideration of the goods, product or service's impact on the environment, economy and human health and well being.
- Preference being given to the purchase of environmentally preferable goods and materials (e.g., recycled, remanufactured and/or non-toxic) whenever they perform satisfactorily and are available at a reasonable price.

In addition to incorporating the principles of sustainable development into our own systems and processes, we will endeavour to include audits and reviews of sustainable development activities undertaken by Departments, Crown Corporations and Agencies in our audit plans whenever practical.

ACHIEVEMENTS IN 2003/04

- Developed the OAG Sustainable Development Policy.
- Increased shredding and recycling of paper products.
- Increased recycling of all other products.
- Increased use of recycled paper.
- Decreased use of environmentally unfriendly products.
- Included environmentally friendly technology criteria in the Request for Proposal for the lease of a new photocopier and fax machine.
- Implemented the use of TeamMate, an electronic auditing software program to increase efficiency, and reduce paper and printer usage.

PRIORITIES FOR 2004/05

- Integrate the OAG sustainable development action plan into the OAG's business planning process.
- Develop performance indicators to measure success in achieving sustainable development goals.
- Include sustainable development guidelines, policies and procedures in Office operating manuals.

- Explore the use of "green" hotels and facilities where practical.
- Promote the acceptance of sustainable development principles in government departments and agencies through the performance of compliance and environmental audits.
- Continue to promote ongoing sustainable development initiatives within the Office by:
  - offering staff workshops or information sessions.
  - finding more "green" alternatives to environmentally unfriendly products.
  - further reducing waste and increasing recycling.
  - exploring ways of reducing total annual consumption of utilities and other energy resources.

Appendices

Appendix A

Financial Statement Audits Within the Government Reporting Entity Conducted by the Auditor General's Office

Summary Financial Statements
Consolidated Fund (Operating Fund and other Special Funds)
Fiscal Stabilization Fund
Debt Retirement Fund
Northern Affairs Fund
Amounts Paid to MLA's

CROWN ORGANIZATIONS

Board of Administration under The Embalmers and Funeral Directors Act
Brandon University (and subsidiaries)*
Centre Culturel Franco-Manitobain*
Cooperative Loans and Loans Guarantee Board
Cooperative Promotion Board
Council on Post Secondary Education
Economic Innovation and Technology Council*
Helen Betty Osborne Foundation
Horse Racing Commission*
Legal Aid Services Society of Manitoba
Manitoba Agricultural Credit Corporation*
Manitoba Centennial Centre Corporation*
Manitoba Crop Insurance Corporation
Manitoba Foundation
Manitoba Gaming Control Commission
Manitoba Habitat Heritage Corporation*
Manitoba Health Services Insurance Plan
Manitoba Hospital Capital Financing Authority
Manitoba Housing and Renewal Corporation*
Manitoba Opportunities Fund Ltd.
Manitoba Trade and Investment Corporation
Manitoba Water Services Board*
Public Schools Finance Board
Special Operating Agencies Financing Authority
University of Manitoba (and subsidiaries)

GOVERNMENT ENTERPRISES

Leaf Rapids Town Properties Ltd.*

SPECIAL OPERATING AGENCIES

Manitoba Text Book Bureau*
Organization and Staff Development*
Public Trustee

* Audit conducted in partnership with a private sector accounting firm

Appendix B

Other Financial Statement Audits Conducted by the Auditor General's Office

All Charities Campaign
Brandon University Retirement Plan*
Civil Service Superannuation Fund
Elections Manitoba Returning Offices - 37th General Election
Estates and Trusts under Administration
by the Public Trustee
Labour Market Development Agreement
Manitoba Home Care Employees' Benefits Trust Fund
Public Service Group Insurance Fund
Teachers' Retirement Allowances Fund
University of Manitoba Pension Plans
University of Winnipeg (and subsidiaries)*
University of Winnipeg Pension Plan*

* Audit conducted in partnership with a private sector accounting firm

Appendix C

Financial Statement Audits Within the Government Reporting Entity Conducted by Private Sector Accounting Firms With Overviews Performed by the Office of the Auditor General

CROWN ORGANIZATIONS

Addictions Foundation of Manitoba
Assiniboine Community College
Child and Family Services of Central Manitoba
Child and Family Services of Western Manitoba
Communities Economic Development Fund
Crown Corporations Council
Deer Lodge Centre Inc.
Insurance Council of Manitoba
Keewatin Community College
Manitoba Adolescent Treatment Centre Inc.
Manitoba Arts Council
Manitoba Boxing Commission
Manitoba Cancer Treatment and Research Foundation
Manitoba Community Services Council Inc.
Manitoba Development Corporation
Manitoba Film and Sound Recording Development Corporation
Manitoba Health Research Council
Red River College
Regional Health Authorities:
- Assiniboine Regional Health Authority Inc.
- Brandon Regional Health Authority Inc.
- Burntwood Regional Health Authority Inc.
- Churchill Regional Health Authority Inc.
- Interlake Regional Health Authority Inc.
- Nor-Man Regional Health Authority Inc.
- North Eastman Health Association Inc.
- Parkland Regional Health Authority Inc.
- Regional Health Authority - Central Manitoba Inc.
- South Eastman Health/Saute Sud-Est Inc.
- Winnipeg Regional Health Authority Inc.

Rehabilitation Centre for Children Inc.
Venture Manitoba Tours Ltd.
Winnipeg Child and Family Services
Winnipeg Floodway Authority Inc.

GOVERNMENT ENTERPRISES

Liquor Control Commission
Manitoba Hazardous Waste Management Corporation
Manitoba Hydro-Electric Board
Manitoba Lotteries Corporation
Manitoba Product Stewardship Corporation
Manitoba Public Insurance Corporation
Workers Compensation Board of Manitoba

Appendix C (cont'd.)

SPECIAL OPERATING AGENCIES

Civil Legal Services Agency
Companies Office
Fleet Vehicles Agency
Food Development Centre
Industrial Technology Centre
Land Management Services
Mail Management Agency
Manitoba Education Research and Learning Information Networks (Merlin)
Manitoba Securities Commission
Materials Distribution Agency
Office of the Fire Commissioner
Pineland Forest Nursery
Property Registry
Vital Statistics Agency

ORGANIZATIONAL SUSTAINABLE DEVELOPMENT ACTION PLAN 2004/2005

Objective	Strategy	Activity	Expected Results	Actual Results
Goal 1: Education, Training and Awareness – To ensure a culture that supports sustainable procurement practices exists with the Office of the Auditor General				
To expand the knowledge, awareness, and skills base of all staff regarding sustainable development principles and philosophy.	Increase the general knowledge of all office staff regarding sustainable development principles.	Through the Professional Development Committee arrange for Sunrise Speakers.	More awareness of Manitoba's Sustainable Development initiative and policy resulting in long term behaviour changes.	
		Staff to attend Sustainable Development workshops as available.		
		Hold "contest" for most creative recycling or other sustainable development ideas.		
		Prepare overview presentation regarding Provincial objectives and Office's commitment to sustainable development.		
	Integrate sustainable development objectives into the Office business plans.	Identify sustainable development actions and targets for consideration and inclusion in the business planning process.	Business plans will reflect sustainable development objectives.	
		Determine cost/benefit of strategies. Prioritize based on largest environmental "benefit".		
		Develop Divisional operational plans taking into consideration sustainable development objectives.		
		Where possible, develop clear quantifiable performance indicators to measure success in achieving sustainable development objectives.		
	Develop sustainable development policies and procedures.	Review best practices in other comparable organizations.	Sustainable development policies and procedures are in place and staff are following policies.	Policy in place
		Draft Sustainable Development policy and purchasing guidelines for Executive approval.		Policy drafted and approved by Executive.
		Adjust manuals and procedures to reflect sustainable development guidelines.		In process
		Develop an awareness program to promote new policies and procedures.		
		Implement policies and procedures.		Policy and procedures implemented as much as possible.

ORGANIZATIONAL SUSTAINABLE DEVELOPMENT ACTION PLAN 2004/2005

Objective	Strategy	Activity	Expected Results	Actual Results
Goal 2: Pollution Prevention and Human Health Protection – To protect the health and environment of Manitobans from possible adverse effects of Government of Manitoba operations and activities and provide a safe and health working environment.				
Reduce the purchase and use of toxic, non-biodegradable, or non-recyclable substances.	Identify non-environmentally friendly substances presently used in the Office.	Consider internal ban/phase out of substances where appropriate alternatives or substitutes can be found.	Use of "unfriendly" substances reduced or eliminated.	Efforts are being made to comply.
		Identify alternative products and substitutes. Purchase accordingly.		
		For new supplies/products ensure that products are environmentally friendly before purchasing.		On-going
Reduce solid waste sent to the landfill.	Implement "blue box" recycling for all recyclable waste in the office.	Evaluate the feasibility of using "shredding" service to increase recycling and reduce waste to landfill.	Increase in recycling and less garbage to landfill.	Increase in shredding and recycling of paper.
Goal 3: Reduction of Fossil Fuel Emissions – To reduce fossil fuel emissions by the Office of the Auditor General operations and activities.				
Reduce both consumption and emissions of vehicle fuels.	Encourage less use of personal vehicles and encourage the use of public transit and car pools.	Consider subsidizing transit passes or parking for car pools.	Less use of personal vehicles.	
	Promote the use of ethanol-blended fuels and alternative energy sources.	Educate staff regarding the benefits of ethanol fuel to encourage the use of ethanol fuel.	An increased use of ethanol-blended gasoline.	
		Encourage staff to use ethanol fuel when traveling on Office business.		
	For "company" vehicles, replace with fuel efficient/alternate fuel vehicles.	Research options regarding purchase alternatives when replacement vehicles are required.	New vehicle has already been ordered from Fleet Vehicles for delivery in February 2003.	

Appendix D (cont'd.)

ORGANIZATIONAL SUSTAINABLE DEVELOPMENT ACTION PLAN 2004/2005

Objective	Strategy	Activity	Expected Results	Actual Results
Goal 4: Resource Conservation - To reduce the use and consumption of resources by the Office of the Auditor General in a sustainable and environmentally preferable manner.				
To reduce the total annual consumption of utilities including natural gas, electricity, propane, fuel oil and water		Develop clear instructions for the "last person out" to turn off lights, check doors, and turn on the alarm	Reduced consumption of utilities	On going
		Explore the feasibility of installing automatic light timers to turn lights off		
		Explore products that could reduce the amount of radiant heat from the windows in the summer and increase radiant heat in the winter		
Within the context of reduced resource use, increase the proportion of environmentally preferable products and environmentally preferable services used by the OAG by the end of fiscal year 2005	Use environmentally preferred products and services as much as possible	100% use of recycled paper containing 30% recycled content	Increased use of recyclable product/ services	Recycled products are being used when available and economically prudent
		When leasing or purchasing new office equipment such as photocopiers, printers, fax machines, etc., we should look at the most environmentally friendly technology available. This should be one of the selection criteria	Environmental considerations included in selection criteria. Actively seek out environmentally friendly products/ suppliers	On going. This was done in the lease of a new photocopier/fax machine
		Establish performance indicators to measure sustainable development goals		
		Investigate the use "Green" hotels and facilities where applicable at a reasonable price		Being used when possible
		Explore the use of an electronic audit software program to increase efficiency, and to reduce paper usage and printer supplies		TeamMate implemented - 1st year
	Continue working with MBA to acquire, stock and flag "Green" products	Identify environmentally preferable products and environmentally unfriendly products currently being used		
		Identify substitutes and alternatives		

ORGANIZATIONAL SUSTAINABLE DEVELOPMENT ACTION PLAN 2004/2005

Objective	Strategy	Activity	Expected Results	Actual Results
Goal 4: Resource Conservation - To reduce the use and consumption of resources by the Office of the Auditor General in a sustainable and environmentally preferable manner.				
	Integrate the use of environmentally preferable products and services as objectives into business planning.	Build the purchase and use of green products and services into contracts and tenders.		Included in the request for proposal when issued.
		Integrate the purchase and use of green products and services into policies, manuals and procedures.		In process.
Goal 5: Community Economic Development – To ensure that the Auditor General's procurement practices foster and sustain community economic development.				
To increase the participation of Aboriginal peoples and suppliers in providing for the government's goods and services needs.	Identify aboriginal suppliers of goods and services.	Contact aboriginal agencies when purchasing goods or services to identify any aboriginal suppliers. Ensure that aboriginal suppliers are included in the request for quotes/tenders.	Aboriginal suppliers included in request/ tender proposals and given fair consideration in selection process.	
Assist in the development and growth of local environmental industries and markets for environmentally preferable products and services.	Promote Government of Manitoba compliance with Sustainable Development Procurement Guidelines.	No action at this time.		
To increase the participation of small businesses, community based businesses, and Co-ops in Manitoba Government procurement opportunities.		No action at this time.		
Other Strategies				
	To promote the acceptance of Sustainable Development objectives though the performance of Compliance Audits.	Conduct Sustainable Development Compliance Reviews of Government Departments and Agencies to help ensure that appropriate action is being taken on this government-wide initiative.		
		Incorporate limited sustainable development review criteria in all audits, both financial and value-for-money.		

CHAPTER 39

THE AUDITOR GENERAL ACT

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CHAPTER 39

THE AUDITOR GENERAL ACT

(Assented to July 6, 2001)

HER MAJESTY, by and with the advice and consent of the Legislative Assembly of Manitoba, enacts as follows:

PART 1

DEFINITIONS

Definitions

1 In this Act,

"**department**" means a department or branch of the government; (« ministère »)

"**external auditor**" means a professional auditor or firm of professional auditors appointed to audit the financial statements of a government organization; (« vérificateur externe »)

"**government organization**" means a department, government agency or fund included in the summary financial statements of the government reporting entity referred to in clause 65(1)(b) of *The Financial Administration Act*; (« organisme gouvernemental »)

"**public money**" means public money as defined in *The Financial Administration Act*; (« fonds publics »)

"**recipient of public money**" means

(a) a person, organization or other body

(i) that has received, directly or indirectly, a grant, loan or advance from the government or a government organization,

(ii) to whom the government or a government organization has transferred property for no consideration or consideration substantially less than its fair market value, or

(iii) for whom the government or a government organization has guaranteed the performance of an obligation or given an indemnity,

(b) a business entity or organization that has received a tax credit under a Manitoba law, or

(c) a business entity or organization that has issued a share, debt obligation or other security, if a person is eligible for a tax credit under a Manitoba law in respect of that acquisition or ownership of the security,

but does not include a government organization. (« bénéficiaire de fonds publics »)

PART 2

AUDITOR GENERAL

Appointing the Auditor General
2(1) On the recommendation of the Standing Committee of the Assembly on Privileges and Elections, the Lieutenant Governor in Council must appoint an Auditor General of Manitoba, as an officer of the Assembly, to provide the Assembly with independent information, advice and assurance under this Act.

Role respecting government policy objectives
2(2) Nothing in this Act is to be interpreted as entitling the Auditor General to question the merits of policy objectives of government.

Appointment process
3(1) The President of the Executive Council must convene a meeting of the Standing Committee on Privileges and Elections if

(a) the office of Auditor General is vacant;

(b) the term of the Auditor General in office will expire within 12 months; or

(c) the Auditor General has resigned and the resignation takes effect within 12 months.

Recommendations of committee
3(2) The Standing Committee on Privileges and Elections must consider candidates for the position of Auditor General and make recommendations to the President of the Executive Council.

Appendix E (cont'd.)

The Auditor General Act (cont'd.)

Meetings of committee
3(3) To carry out its responsibilities, the Standing Committee on Privileges and Elections may meet during a session of the Legislature or during a recess after prorogation.

No other public office
3(4) The Auditor General may not be nominated for, be elected as, or sit as a member of the Assembly, and may not hold any other public office or engage in any partisan political activity.

Term
4 The Auditor General is to hold office during good behaviour for a term of 10 years, and may be reappointed for further terms of 10 years each.

Salary
5(1) The Auditor General must be paid a salary within the range of salaries paid to senior deputy ministers in the civil service, and is entitled to the same privileges of office as a senior deputy minister.

No reduction in salary
5(2) The Auditor General's salary must not be reduced except by a resolution of the Assembly carried by a vote of 2/3 of the members voting.

Civil Service Superannuation Act applies
6(1) The Auditor General is an employee within the meaning of *The Civil Service Superannuation Act*.

Civil Service Act does not apply
6(2) *The Civil Service Act*, except sections 42 and 43, does not apply to the Auditor General.

Suspension or removal
7(1) The Lieutenant Governor in Council may suspend or remove the Auditor General from office on a resolution of the Assembly carried by a vote of 2/3 of the members voting.

Suspension if Assembly not sitting
7(2) When the Assembly is not sitting, the Lieutenant Governor in Council may suspend the Auditor General for cause, if advised to do so in writing by a majority of a committee consisting of the President of the Executive Council and the recognized leaders of the members belonging to the political parties in opposition. But a suspension imposed when the Assembly is not sitting may not continue beyond the end of the next sitting.

Deputy Provincial Auditor General
8(1) On the Auditor General's recommendation, the Lieutenant Governor in Council may appoint a Deputy Auditor General in accordance with *The Civil Service Act*.

Duties
8(2) If the Auditor General is absent or unable to act or if the office is vacant, the Deputy Auditor General has the powers and must carry out the responsibilities of the Auditor General.

Salary in certain cases
8(3) During any period that the Deputy Auditor General must assume the Auditor General's responsibilities for an extended period, the Lieutenant Governor in Council may direct that the Deputy be paid a salary within the same range as the Auditor General.

No other public office
8(4) The Deputy Auditor General may not be nominated for, be elected as, or sit as a member of the Assembly, and may not hold any other public office or engage in any partisan political activity.

PART 3

RESPONSIBILITIES OF THE AUDITOR GENERAL

AUDIT OF ACCOUNTS AND FINANCIAL STATEMENTS

Audit of government accounts
9(1) The Auditor General is the auditor of the accounts of the government, including those relating to the Consolidated Fund, and must make any examinations and inquiries that he or she considers necessary to enable the Auditor General to report as required by this Act.

Audit of other public money
9(2) The Auditor General is responsible for examining and auditing public money that is not part of the Consolidated Fund, unless an Act provides otherwise.

Audit of the Public Accounts
9(3) The Auditor General is responsible for examining and auditing the financial statements included in the Public Accounts under *The Financial Administration Act*, and any other statements the Minister of Finance presents for audit.

Appendix E (cont'd.)

The Auditor General Act (cont'd.)

Opinion about the Public Accounts

9(4) The Auditor General must express an opinion as to whether the financial statements included in the Public Accounts fairly present information in accordance with the accounting policies of the government stated in the Public Accounts and on a basis consistent with that of the preceding year, and must set out any reservations the Auditor General might have.

Report to ministers

9(5) At least once in each year, the Auditor General shall make a report about the examinations and audits conducted under this section to the minister responsible for each government organization concerned and to the Minister of Finance. The Auditor General must allow at least 14 days for those ministers to review and comment on the report before finalizing it for submission to the Assembly under subsection 10(1).

Advice to officials

9(6) The Auditor General may advise appropriate officers and employees of matters discovered in conducting examinations and audits under this section.

Annual report to Assembly

10(1) No later than December 31 in each year, the Auditor General must report to the Assembly about the examinations and audits conducted under section 9.

Content of the report

10(2) The report must indicate anything resulting from the work of the Auditor General that he or she considers should be brought to the Assembly's attention, including, but not limited to, circumstances in which

(a) required information was not provided or was not provided within a reasonable time;

(b) accounts were not properly kept or public money was not fully accounted for;

(c) essential records were not maintained, or the rules and procedures applied were insufficient, to

(i) safeguard and control public property,

(ii) secure an effective check on the assessment, collection and proper allocation of revenue, or

(iii) ensure that expenditures were made only as authorized;

(d) public money was expended for purposes other than those for which it was appropriated by the Legislature;

(e) financial and administrative provisions of Acts, regulations, policies and directives were not complied with.

Report may include recommendations
10(3) The report may include any recommendation the Auditor General wishes to make, and may draw attention to and make recommendations about any audit conducted by an external auditor under section 12.

SPECIAL REPORT TO ASSEMBLY

Special report to Assembly
11 The Auditor General may make a special report to the Assembly on any matter of pressing importance or urgency that he or she considers should not be deferred until the next annual report under section 10 is presented.

AUTHORITY OVER EXTERNAL AUDITORS

Scope of an external audit
12(1) When an external auditor is appointed to audit the financial statements of a government organization, the Auditor General may require the external auditor to give the Auditor General a description of the proposed scope of the audit before the audit is begun. The Auditor General may then require changes to be made in the scope of the audit.

Further directions
12(2) Before an external auditor issues an audit opinion on the financial statements of a government organization, the Auditor General may require the external auditor to

(a) give the Auditor General a copy of the proposed audit opinion, the financial statements, and any recommendations arising out of the audit of the financial statements; and

(b) conduct additional examinations relating to the financial statements.

Audit working papers
12(3) The Auditor General may require an external auditor to give the Auditor General a copy of the audit working papers.

Audit opinion
12(4) As soon as an audit is completed, an external auditor must give the Auditor General a copy of the audit opinion on the financial statements of a government organization and any recommendations arising out of the audit of the financial statements.

Reliance on external auditor's report
13 In order to fulfil his or her responsibilities as the auditor of the government's accounts, the Auditor General may rely on the report of an external auditor of a government organization or of a subsidiary of a government organization.

AUDIT OF OPERATIONS

Audit of operations
14(1) In carrying out his or her responsibilities under this Act, the Auditor General may examine and audit the operations of a government organization with regard to any of the following matters:

(a) whether financial and administrative provisions of Acts, regulations, policies and directives have been complied with;

(b) whether public money has been expended with proper regard for economy and efficiency;

(c) whether the Assembly has been provided with appropriate accountability information;

(d) whether the form and content of financial information documents is adequate and suitable.

Report to ministers
14(2) At least once in each year, the Auditor General shall make a report about the examinations and audits conducted under this section to the minister responsible for each government organization concerned and to the Minister of Finance. The Auditor General must allow at least 14 days for those ministers to review and comment on the report before finalizing it for submission to the Assembly.

Report to officials
14(3) The Auditor General may advise appropriate officers and employees of matters discovered in conducting examinations and audits under this section.

Report to Assembly
14(4) The Auditor General must report to the Assembly annually on the work carried out under this section, and may bring to the Assembly's attention anything he or she considers necessary, including recommendations.

AUDIT OF RECIPIENT OF PUBLIC MONEY

Audit of recipient of public money
15(1) The Auditor General may conduct an examination and audit in respect of public money received by a recipient of public money, including the matters listed in subsection 14(1), and may require the recipient to prepare and give to the Auditor General the financial statements setting out the details of the disposition of the public money received.

No obstruction
15(2) No person shall obstruct or provide false or misleading information to the Auditor General or a person employed under the Auditor General in conducting an examination or audit under this section, or conceal or destroy any records or things relevant to an examination or audit.

Offence
15(3) A person who contravenes subsection (2) is guilty of an offence and is liable on summary conviction to a fine of not more than $10,000.

Reliance on report of other auditor
15(4) The Auditor General may rely on the report of an auditor appointed by a recipient of public money.

SPECIAL AUDIT ON REQUEST

Special audit on request

16(1) When requested to do so by the Lieutenant Governor in Council or the Minister of Finance, or by resolution of the Standing Committee on Public Accounts, the Auditor General may examine and audit the accounts of a government organization, recipient of public money or other person or entity that in any way receives, pays or accounts for public money. But the Auditor General is not obliged to do so if he or she is of the opinion that it would interfere with the primary responsibilities of the Auditor General.

Report

16(2) The Auditor General must report the findings of an audit under this section to the person or body that requested the audit and to the minister responsible for any government organization concerned.

Report submitted to the Assembly

16(3) The Auditor General may submit a report of an audit under this section to the Assembly if it is in the public interest to do so, but must allow at least 14 days for the minister responsible for the government organization and the Minister of Finance to review and comment on the report before finalizing it for submission to the Assembly.

JOINT AUDIT

Joint audit

17 With respect to public money that is spent jointly, the Auditor General may undertake a joint audit with the Auditor General of Canada, an Auditor General or Provincial Auditor of another province or territory, or an auditor of a municipality.

PART 4

POWERS OF THE AUDITOR GENERAL

Access to records

18(1) Despite any other Act, the Auditor General is entitled to access at all reasonable times to the records of any government organization that are necessary for the purpose of this Act.

The Auditor General Act (cont'd.)

Access to information
18(2) The Auditor General may require and is entitled to receive any information necessary for the purpose of this Act from

(a) any person in the public service or formerly in the public service;

(b) any current or former director, officer, employee or agent of a government organization or of a recipient of public money; or

(c) any other person, organization or other body that the Auditor General believes on reasonable grounds may have information relevant to an examination or audit under this Act.

No access to Cabinet confidences
18(3) Despite subsections (1) and (2), the Auditor General shall not have access to information described in subsection 19(1) of *The Freedom of Information and Protection of Privacy Act*, except in the circumstances mentioned in subsection 19(2) of that Act.

Part V of Evidence Act powers
19 The Auditor General or his or her delegate may examine any person on oath on any matter that the Auditor General considers relevant to an examination and audit under this Act, and for that purpose the Auditor General or delegate has the powers of a commissioner appointed under Part V of *The Manitoba Evidence Act*.

Staff in government organizations
20 To carry out responsibilities under this Act more effectively, the Auditor General may place a person or persons employed under the Auditor General in any government organization, and the organization must provide the necessary office accommodation.

Security requirements
21 The Auditor General must ensure that every person employed under the Auditor General who is to examine records of a government organization complies with any security requirements applicable to persons employed in that organization.

PART 5

GENERAL PROVISIONS

STAFF AND OFFICE OF THE AUDITOR GENERAL

Staff appointed under Civil Service Act

22(1) Officers and employees necessary to enable the Auditor General to perform his or her duties must be appointed in accordance with *The Civil Service Act.*

Civil Service Superannuation Act applies

22(2) Officers and employees of the Auditor General, including the Deputy Auditor General, are employees within the meaning of *The Civil Service Superannuation Act.*

Office of the Auditor General

23 The Auditor General is responsible for the internal operations of his or her office and for the persons employed under the Auditor General. For those purposes, the Auditor General may

(a) establish office policies and procedures consistent with practices followed by the government;

(b) charge fees for services provided by the office on a basis approved by the Lieutenant Governor in Council;

(c) delegate to any person employed under the Auditor General any responsibility or power that the Auditor General has under this Act, other than the responsibility to report to the Assembly;

(d) maintain an independent bank account; and

(e) contract for professional services.

CONFIDENTIALITY

Confidentiality

24(1) The Auditor General and everyone employed under the Auditor General shall preserve secrecy concerning all matters that come to their knowledge in the course of their work under this Act, and shall not communicate those matters to any person unless required to do so in connection with the proper administration of this Act or a proceeding under this Act,

or in a court of law.

Exception
24(2) Nothing in subsection (1) limits the Auditor General's right to report under this Act on the conclusions of an examination or audit.

Working papers confidential
25 The working papers relating to an examination or audit by the Auditor General or a person employed under the Auditor General are confidential and must not to be laid before the Assembly or any committee of the Assembly.

ANNUAL REPORT OF AUDITOR GENERAL'S OFFICE

Annual audit of Auditor General's office
26(1) Each year, an auditor whose appointment is approved by the Legislative Assembly Management Commission must examine the accounts of the office of the Auditor General and prepare a report. The Commission may also direct the auditor to conduct an audit respecting any of the matters listed in subsection 14(1).

Annual report
26(2) Before August 1 each year, the Auditor General must report to the Assembly on the operations of his or her office. The report must include

(a) information on the performance of the office; and

(b) the report on the annual audit under subsection (1).

ESTIMATES

Estimates
27(1) The Auditor General shall present annually to the Legislative Assembly Management Commission estimates of the amount of money that will be required for the purpose of this Act.

Special report
27(2) The Auditor General may make a special report to the Assembly if he or she thinks that the amount of money provided in the estimates submitted to the Legislature is inadequate.

Money
27(3) The money required for the purpose of this Act is to be paid out of the Consolidated Fund from money authorized by an Act of the Legislature.

Unexpended money to be paid into Consolidated Fund
27(4) All money which has been authorized by an Act of the Legislature to be paid and applied for the purposes of this Act that remains unexpended at the end of the fiscal year must be paid to the Minister of Finance and becomes part of the Consolidated Fund.

TABLING REPORTS IN THE ASSEMBLY

Tabling reports in the Assembly
28(1) When making a report to the Assembly under this Act, the Auditor General must submit the report to the Speaker. The Speaker must lay a copy of it before the Assembly within 15 days after receiving it if the Assembly is sitting or, if it is not, within 15 days after the beginning of the next sitting.

Distribution to members of the Assembly
28(2) On receiving a report under this Act, the Speaker must direct that copies be sent to the members of the Assembly.

Referral to Public Accounts Committee
28(3) A report to the Assembly under this Act stands referred to the Standing Committee on Public Accounts.

PROTECTION FROM LIABILITY

Protection from liability
29 No proceeding may be instituted against the Auditor General, the Deputy Auditor General, or any person employed under the Auditor General,

(a) for any act done in good faith in the performance or intended performance of a duty or in the exercise or intended exercise of a power under this or any other Act or regulation; or

(b) for any neglect or default in the performance or intended performance or in the exercise or intended exercise in good faith of a duty or power described in clause (a).

TRANSITIONAL, CONSEQUENTIAL, REPEAL AND COMING INTO FORCE

Transitional

30 *The Provincial Auditor appointed under **The Provincial Auditor's Act** continues in office as the Auditor General under this Act as if appointed under this Act for a term that expires on the day the appointment under **The Provincial Auditor's Act** would expire.*

Consequential amendments

31 *The Acts listed in the Schedule are amended as described in the Schedule.*

Repeal

32 *The Provincial Auditor's Act*, R.S.M. 1987, c. P145, is repealed.

C.C.S.M. reference

33 This Act may be referred to as chapter A180 of the *Continuing Consolidation of the Statutes of Manitoba.*

Coming into force

34 This Act comes into force on a day fixed by proclamation.

Appendix F

Agents

The Office of the Auditor General has continued with the policy of using the services of private sector chartered accountant firms to assist with the discharging of some of the Office's attest audit responsibilities. These firms act as Agents for the Auditor General under the authority of Section 23(e) of The Auditor General Act, and we wish to acknowledge their contributions in supplementing our staff resources. The following firms acted as our agents in respect of the fiscal year ended March 31, 2004:

BDO Dunwoody LLP
Booke and Partners
Deloitte & Touche LLP
Grant Thornton LLP
Haugen Morrish Angers
KPMG LLP

Professional Services

In addition the following firms/individuals worked with our Office on specific engagements during the past fiscal year:

Aikins MacAulay & Thorvaldson: Mr. T. Bock
Deloitte & Touche LLP: Mr. B. Tario
Ellement & Ellement, Actuaries
Grant Thornton LLP: Mr. R. Popel, Mr. R. Hamlin, Ms. G. Lorusso
Harris, Mr. E.: Consultant
Harris Consulting Corporation
Hubert Bergeron Document Language Service
KPMG Forensic Inc.: Mr. R. Anderson
Office of the Auditor General - Canada: Mr. C. Asselin
Ontario Provincial Auditor's Office: Ms. S. Maskens
PricewaterhouseCoopers, LLP
Probe Research Inc.
Thompson Dorfman Sweatman: Mr. B. Graham
Wood, Ms. R.: Transcriber

AUDITOR GENERALS
of the Province of Manitoba
Over 100 Years of Service

Alexander Begg	Provincial Auditor	1876 - 1879
Walter R. Nursey	Provincial Auditor	1879 - 1888
George Black	Provincial Auditor	1888 - 1916
J. Gordon Steele	Comptroller-General	1916 - 1921
Robert Drummond	Comptroller-General	1921 - 1933
J.C.M. Ligertwood	Comptroller-General	1933 - 1936
F.B. Brisbin	Comptroller-General	1936 - 1938
C.A. Glover	Comptroller-General	1938 - 1944
George D. Iliffe	Comptroller-General	1944 - 1966
James G. McFee	Comptroller-General	1966 - 1969

Assembly Legislates Auditor Independence from Government - 1969

James G. McFee	Provincial Auditor	1969 - 1972
W.K. (Bill) Ziprick	Provincial Auditor	1972 - 1985
Fred H. Jackson	Provincial Auditor	1985 - 1992
Carol Bellringer	Provincial Auditor	1992 - 1996
Jon W. Singleton	Provincial Auditor	1996 - 2002
	Auditor General	2002 - Current

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